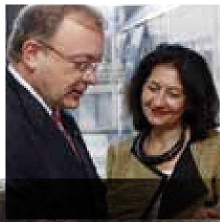


2014

Registration document and annual financial report

AUTORITÉ
DES MARCHÉS FINANCIERS

AMF

This registration document was filed with the *Autorité des Marchés Financiers (AMF)* on April 21, 2015, pursuant to Article 212-13 of the AMF's General Regulations. It may be used in support of a financial transaction if it is accompanied by a memorandum approved by the AMF. This document was prepared by the issuer and is binding on its signatories.

Michel Lucas and Nicolas Théry

In 2014, CIC maintained its growth momentum...

In 2014, CIC maintained its growth momentum to serve its 4.8 million customers and reconfirmed its active participation in the real economy. Thanks to the motivation of its 20,000 employees, CIC was able to provide solid support for its customers' needs, whether private individuals, associations, self-employed professionals, or corporates.

This commitment and this professionalism are reflected in the figures: net income was €1,124 million, up 32.4%*; customer loans and deposits rose by a respective 7.3% and 8%; and insurance, remote banking, telephony and remote surveillance also grew significantly.

With its responsive organizational structure and network of more than 2,000 points of sale, CIC's top priorities are retail banking and customer satisfaction. Its diverse business lines and cutting-edge technology enable it to tailor its offerings to every need. As banker to one in three businesses in France, it supports job-creating companies and is an active partner in the regions' economies.

CIC benefits from the strength and solidity of its parent company, Crédit Mutuel, a powerful group with a European reach. With €43.9 billion in equity (up 9.1%), the Crédit Mutuel group posted a CET1 ratio of 15.5% and has one of the soundest balance sheets in Europe. Recognized for its expertise by the international press, in 2014 it was named "Best French Banking Group" by the British magazine *World Finance* and "French Bank of the Year" by the international magazine *The Banker,* and was ranked first on the list of "Top French Banks" by Baromètre Posternak Ifop. In recognition of its unwavering focus on all its customers, it was also ranked first in the Banking category in the TNS Sofres "Podium de la Relation Client" awards.

The year 2014 was also marked by a change in chairman. On December 11, 2014, the board of directors of CIC appointed Nicolas Théry as chairman of the board of directors and Alain Fradin as chief executive officer. This passing of the baton will no doubt enable CIC to conduct its work with the same high standards and level of excellence.

Michel Lucas

* After adjusting for the impact of the deconsolidation of CM-CIC Gestion and SNC Saint-Pierre in 2014.

CONTENTS


CIC

CIC PROFILE

CIC, the holding company and network bank serving the Greater Paris region, comprises five regional banks and specialist entities covering all areas of finance and insurance both in France and abroad.

4,773,895 customers, including:

3,929,813 individuals

80,013 associations

641,378 self-employed professionals

122,684 corporates

19,874 employees*

2,047 branches in France

3 foreign branches

35 foreign representative offices

22 foreign private banking offices

Figures as of December 31, 2014.

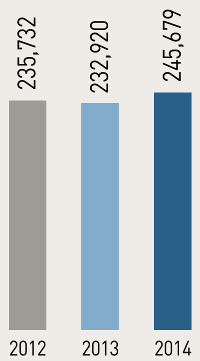
* Full-time equivalent.

KEY CONSOLIDATED FIGURES

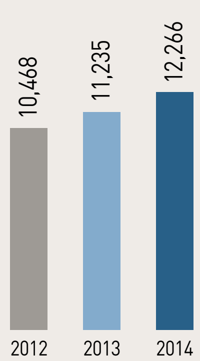
Capital in € millions

	2014	2013	2012
Net banking income	4,410	4,466	4,260
Operating income after provisions	1,293	1,211	960
Net income attributable to the company	1,116	845	698
Cost/income ratio[1]	66%	64.7%	69%

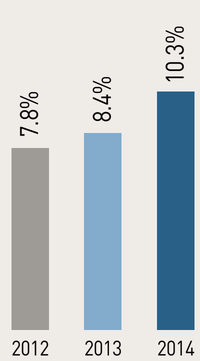
(1) Overheads as a percentage of net banking income.



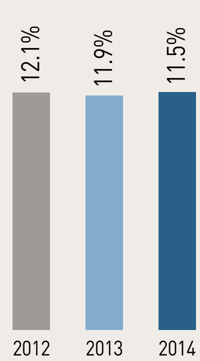
TOTAL ASSETS



EQUITY
(incl. minority interests)

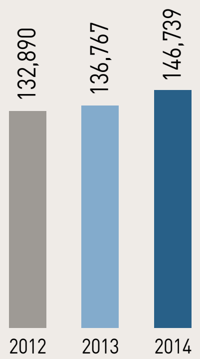


RETURN ON EQUITY[1]

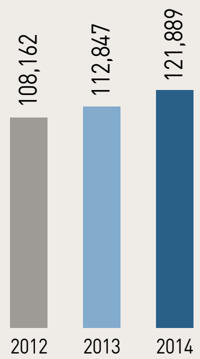


BASEL 2.5 TIER 1 SOLVENCY RATIO

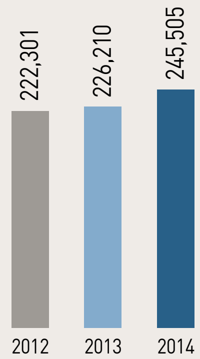
BASEL 3 COMMON EQUITY TIER 1



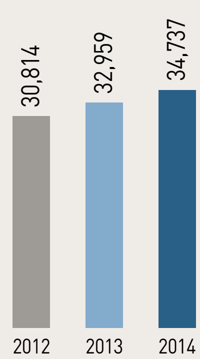
LOANS AND ADVANCES TO CUSTOMERS



CUSTOMER DEPOSITS



SAVINGS MANAGED AND HELD IN CUSTODY[2]



LIFE INSURANCE[3]

(1) Net income attributable to the company as a percentage of opening equity less dividends paid.

(2) Managed savings (life insurance, employee savings plans and UCITS) and customers' securities in custody.

(3) Month-end outstandings.

Source: consolidated financial statements.

SIMPLIFIED ORGANIZATION CHART

The percentages indicate the portion of the entity controlled by CIC as defined under Article L.233-3 of the French Commercial Code *(Code de Commerce)*. Crédit Mutuel also holds shares in companies not controlled by CIC (i.e. in which ownership is less than 50%). They are therefore controlled by the Crédit Mutuel-CIC group in accordance with the terms of the same article of the French Commercial Code.

CIC

RETAIL BANKING NETWORK	100% CIC Nord Ouest	100% CIC Ouest	100% CIC Sud Ouest	100% CIC Est	100% CIC Lyonnaise de Banque
PRIVATE BANKING[1]	100% Banque Transatlantique	100% Banque CIC Suisse	100% Banque de Luxembourg	100% CIC Private Banking-Banque Pasche	
PRIVATE EQUITY	100% CM-CIC Capital Finance				
SPECIALIZED BUSINESSES	23.5% CM-CIC Asset Management	99.9% CM-CIC Epargne Salariale	100% CM-CIC Securities	99.2% CM-CIC Bail	
	54.1% CM-CIC Lease	95.5% CM-CIC Factor	100% CM-CIC Aidexport		
INSURANCE	20.5% Groupe des Assurances du Crédit Mutuel				
SHARED SERVICE COMPANIES	12.5% Euro Information	No capital GIE CM-CIC Titres	No capital GIE CM-CIC Services		

(1) Private banking activities are also conducted by CIC's Singapore branch (in situ and via CIC Investor Services Limited in Hong Kong).

CIC comprises:

- CIC (Crédit Industriel et Commercial), the holding company and head of the bank network, which also acts as the regional bank for the Greater Paris region and through which investment, financing and capital markets activities are carried out;
- five regional banks, each of which serves a clearly defined region;
- specialist entities and service companies serving the whole group.

Crédit Mutuel stockholdings by business:

SPECIALIZED BUSINESSES
CM-CIC Asset Management: 76.5%
CM-CIC Bail: 0.8%
CM-CIC Lease: 45.9%
CM-CIC Factor: 4.5%

INSURANCE
Groupe des Assurances du Crédit Mutuel: 79.5%

SHARED SERVICE COMPANIES
Euro Information: 87.5%

Presentation of CIC

1

REVIEW OF OPERATIONS

Retail banking*

Retail banking, the group's core business, continued to grow in 2014. With net banking income of €3,327 million, operating expenses of €2,194 million and net provisioning of €234 million, retail banking posted pre-tax income of €1,020 million.

Retail banking: key figures (€ millions)	2014	2013	Change 2014/2013	2013 restated*	Change* 2014/2013
Net banking income	3,327	3,330	-0.1%	3,311	0.5%
General operating expenses	(2,194)	(2,202)	-0.4%	(2,185)	0.4%
Operating income before provisions	1,133	1,128	0.4%	1,126	0.6%
Cost of risk	(234)	(312)	-25.0%	(312)	-25.0%
Income before tax	1,020	918	11.1%	916	11.4%
Net income attributable to the company	688	604	13.9%	602	14.3%

* After restatement of the impact of the deconsolidation of CM-CIC Gestion and SNC Saint-Pierre.
Source: consolidated financial statements.

Retail banking, the group's core business, continued to grow in 2014.

The number of customers in the banking network increased by 87,387 or 1.9%.

The network's total commitments increased by 1.7% with, in particular, a 10.2% rise in new consumer lending business.

Customer savings ended the year up 3.8%, with savings accounts up 2.2% (including home savings plans up 7%) and customer deposits up 10.7%.

Life insurance outstandings increased by 5.2%; multi-mode life insurance outstandings increased by 10.6%.

Service activities associated with electronic payment systems showed strong growth:

- number of cards in circulation up by 2.6% including high value-added cards for individuals up by 4.2%;
- number of active merchant payment terminals up by 6.1% to 120,634 units;
- flow of card payments with merchants and corporates up by 6.4%.

In property insurance, the number of policies grew by 6.7%, of which 5.6% were for auto and 4.2% for home.

The number of mobile telephony contracts reached 378,436, representing an increase of 10%.

* Outstandings are cumulative average outstandings for all CIC banks.

Personal banking customers

New customers

The number of customers increased by 1.6% to 3,929,813. The biggest increases were in the 18-25 and over-60 age groups.

Customer deposits

Overall savings book balances decreased by 3.6% to €19.16 billion. This decline was due to the sharp slowdown in inflows into *Livret A* savings books (up €227 million, or a 4.4% increase compared with 32.5% in 2013) and into sustainable development savings accounts (LDD) (up €25 million, or a 0.6% increase compared with 33.2% in 2013), coupled with strong net outflows of €905 million from *Livrets Ordinaires* (down 10%).
Term deposit outstandings rose by 3.6% while growth in home savings plans accelerated to 7% for outstandings of €6.8 billion.

Managed savings

Outstandings remained stable (down 0.1%) at €9.7 billion. The fiscal year included a 10.7% decline in group securities and a 3% decrease in group UCITS outstandings, offset by a 3.5% increase in "custody of other securities," based on directly held equities and securities.

Lending

New home loans fell sharply to €6.5 billion (down 29.4%), with outstandings nevertheless up 1.9%.
In consumer lending and revolving credit, outstandings were stable at €3.7 billion as a result of a €2 billion increase in new lending (up 10.5%), due to the provision of pre-approved loans to a growing number of customers.

Service contracts

The total number of contracts increased by 3.5% to 1,244,278, thanks to the new adjustable contract offering and the success of the web-based option which offers a reduction in monthly subscription fees by opting to receive statements through the website *cic.fr*.

Self-employed professionals

Dedicated sales force

The 2,258-strong team of specialist relationship managers confirmed CIC's determination to respond appropriately to the needs of the various market segments.

New customers

Targeted prospecting actions led to 62,747 new accounts being set up for self-employed professional customers. The total number of contracts rose by 2.8%.

Lending

New investment loans totaled €2,532 million, down 12.8%, while new finance leases amounted to €536 million and 1,614 long-term rental finance contracts were signed.
Action in support of entrepreneurs led to 1,637 business start-up loans being granted.

The €2,046 million in new home loans made available to self-employed professionals (down 12.8%) accounted for 23% of CIC network's total new lending.
Overall, loans outstanding to self-employed professionals rose by 1.3%.

Savings

Outstandings rose 1.7% to stand at €22.5 billion. This includes an increase in sight deposits of €639 million (up 9.6%) and in life insurance of €169 million (up 4.1%), offset by a negative change in savings accounts of €301 million (down 3.7%).

CIC: A NETWORK THAT OFFERS MULTIPLE OPTIONS

Points of sale

With 9 new branches opened, CIC maintained its policy of improving and structuring its network. At the end of 2014, it had 2,047 points of sale.

Remote banking

Thanks to enriched content, and marketing through personal contracts, 61,679 new customers signed up for *Filbanque*, bringing the total number of contracts up to 1,462,785, an increase of 4.4%.

ATMs

The total number of machines stands at 3,825 including 1,401 equipped with deposit modules and 2,424 cash dispensers. Overall, CIC recorded 115 million transactions, including 72 million cash withdrawals and 43 million other transactions, 18 million of which were deposits. Several new features have been added: ability to set a preferred withdrawal amount, to schedule a meeting with an adviser and, for holders of a currency card, to debit the amount of a withdrawal in euros from their account in the currency of their card.

Cards

The total number of cards increased further, by 2.1% to 2,179,987 including 352,088 added-value or prestige cards, representing 16.2% of the total. The "deferred plus" service contributed to the success of "trading up" campaigns.

Mobile telephony

With 34,365 new contracts won, the total number of lines increased by 10% to 378,436. The group continued to develop its 4G offering in a highly competitive environment.

cic.fr

With 302 million connections, access to *Filbanque* continued to rise in 2014. Smartphones and tablets accounted for nearly 50% of connections recorded during the fiscal year.
In 2014, *Filbanque* added new functionalities, including direct access for self-employed professionals and corporates to their relationship manager's calendar so they can schedule appointments.

... Retail banking

Customer loyalty

Products and services were actively marketed:

- the total number of remote banking contracts increased by 13,762, or 5.6%, to 259,722;
- the number of *contrats professionnels* (packages of services designed to meet daily transaction needs) increased by 10,047, or 5.9%, to 180,718.

In the banking network, electronic payment flows grew by 6.4%, as a result of both increasing the number of active terminals (up 6.1%) and the volume of transactions carried out, which increased by 9.7%.

Employee savings management

A total of 4,390 new contracts were signed, bringing the overall amount to 31,005.

Life, health and personal protection insurance

Self-employed professionals accounted for €4,285 million or 13.4% of total life insurance outstandings.

The subscription of 3,232 individual health insurance policies and 13,394 personal protection insurance policies brought the total number of policies outstanding to 10,957 (up 13.7%) and 69,985 (up 2.4%) respectively. A total of 2,972 group health and personal protection insurance policies were taken out, bringing the overall number of policies outstanding to 4,063.

A total of 2,328 *Madelin* plans were sold (pension savings plans providing a retirement annuity).

Partnerships

Further new agreements were signed with branded networks, bringing the total to 123. In addition, several agreements were signed with food service unions to support the development of the *Monetico Resto* service (paperless meal voucher cards).

Agriculture

The division won 3,311 new customers, bringing the total to 33,785, and granted €386 million in loans, bringing total commitments to €2,288 million – an increase of 8.9%.

The change in savings balances was largely due to the increase in life insurance outstandings, which grew by 14.7% to €307 million, and in customer deposits, which grew by 10.6% to €299 million.

Communication

Sales drives included a radio campaign aimed at all self-employed professionals, while CIC took part in several events designed for this customer segment (trade fairs, conferences, etc.).

Corporates

New customers

CIC's strategy revolves around values such as close contact, responsiveness, and expertise, which make it the go-to bank for companies and their managements. It is committed to adapting its offerings to its customers' priorities. Its capacity

for innovation and the expertise of its business centers enable it to meet their every need. The account executive, who is at the heart of the customer relationship, guarantees the quality and effectiveness of a one-to-one relationship based on mutual trust. The total number of customers rose by 2.5%. In all, 10,000 companies joined the corporate network in 2014.

Lending

New medium- and long-term lending continued to grow in 2014 (up 2.2%) taking total outstandings to €13,076 million (up 7.2%). Equipment leasing totaled €1,135 million and real estate leasing €273 million, confirming a constantly changing offering in terms of lease financing.
Short-term funding outstandings registered a drop of 7.6%, in line with the decline in the market.
Overall, the corporate network's commitments grew by 4.1% to €33,075 million.

Treasury management and financial investment

In 2014, CIC continued to adapt its solutions to meet companies' needs in terms of security, liquidity, transparency and performance.
Total savings increased by 8% to €31,593 million, driven by current accounts (€9,057 million outstanding, an increase of 16.2%).

Cash management

The year 2014 was marked by support for migration to the new SEPA (Single Euro Payments Area) payment system.
Mandate management, enrichment and conversion of transactions to the SEPA format for remote banking customers, conversion of RIB codes (French national bank identifiers), and BIC security were some of the issues involved. These solutions were integrated into *Filbanque* confirming the group's ability to build innovative, effective banking interface tools.

CIC has made secure cash management one of its priorities. As such, a "fraud prevention" module was developed for the web-based *CM-CIC p@iement* payment platform that configures the filter criteria to control activity on the site. The *K.Sign RGS*** certificate offers additional security for file transfers by providing a higher degree of authentication. The volume of merchants' electronic payments processed by the corporate network rose by 4.8% to €16,281 million.

International operations

Relying on the group's network of branches and 35 representative offices worldwide, CM-CIC Aidexport offers companies "tailor-made" solutions to support them internationally.
With regard to transaction processing, the international business center has undertaken a performance and quality improvement process.

Financing solutions for import and export activities are proposed by group experts and regional specialists to meet the needs associated with developing operations in foreign markets and ensuring secure transactions.

Employee benefit schemes

CIC has expanded its offerings to allow managers to closely involve their employees in developing their business while controlling the management of employment-related costs (incentive plans, profit-sharing, employee savings plan).

The group entered into 2,263 employee savings agreements in 2014.

Group health insurance, boosted by the new regulation arising out of the ANI (national multi-industry agreement), now rounds out the offering.
One innovation in 2014 was the rollout of a paperless meal voucher solution called *Monetico Resto.*

Associations

The number of customers increased by 5.8% to 80,013. In this regard, in 2014 the group assisted co-owner association customers with opening separate accounts.
Commitments rose by 10.7% to €730 million.
Simultaneously, outstanding investments grew by 4.1% (including 12.6% for savings accounts) to €6,675 million.
In 2014, CIC's solidarity products – the *Carte pour les autres* and *the Livret pour les autres* (savings accounts and bank cards incorporating humanitarian or charitable donations) – facilitated the collection of donations from partner associations, and payments made to charities were up 25%.

With innovative services such as *Dynaflux Global'Collect,* which enables associations to delegate all or part of the donations chain, CIC has positioned itself as the banker of choice for many organizations.

RETAIL BANKING SUPPORT SERVICES

Insurance

CIC markets the insurance product offerings designed and managed by Groupe des Assurances du Crédit Mutuel (GACM), which had a total number of policies of 26.2 million. GACM's premium income in 2014 was €10,461 million, €3,829 million of which was achieved in the CIC network.
The year was characterized by strong property insurance brokerage while personal protection insurance leveled off. Inflows into life insurance continued to increase (up 6.6%).

Group health insurance started to take off as companies faced new requirements.
Commissions received amounted to €1,123 million including €305.7 million to CIC.

Property insurance

In auto insurance, thanks to the comprehensive offering and a finely targeted approach to premiums, the portfolio grew by 2.4% to 2,235,640 policies.

The product range covers the needs of all customer groups: individuals, self-employed professionals and businesses, from basic to fully comprehensive services, with support services options.

A new home insurance offering was launched that takes a more straightforward approach but also offers a very comprehensive range of options. The number of policies grew by 2.9% to 2,190,960.

... Retail banking

Despite the series of bad weather events during the year, the *Constatel* telephone platform was able to cope with the influx of insurance claims. The efforts made, mainly to calculate damage remotely, improved the service provided to policyholders.

Personal insurance

The number of personal protection policies (excluding bank personal protection) increased by 2% with 2,266,440 policies at year-end.

The loan guarantee insurance offering has been revamped. The *Assur Prêt* policy offers extended coverage with high security and lower rates. *Perspective Crédit* is for borrowers looking for a solution that makes low price a priority.
Assurance Santé has absorbed the *Intégral'Audio* offering, which guarantees full hearing aid coverage on presentation of the *Avance Santé* card, which is provided to all policyholders. A supplemental health insurance product has been developed specifically for Swiss cross-border workers following the abolition on June 1, 2014 of the exemption that allowed them to obtain first-euro insurance coverage from a private company in France.

Life insurance

Gross inflows were €6,552 million, including net inflows of €1,982 million, a 27.7% increase.

CIC gross inflows amounted to €2,971 million, including €538 million from *CIC Banque Privée* branches and wealth advisers for *Sérénis Vie* policies.
Plan Assurance Vie, the main policy in the range, has a new investment option: *Stop à la baisse,* which limits any future declines in unit-linked policies.
Net rates of return on policies and funds in euros ranged from 2.10% for the *Livret Assurance* to 2.50% for the *Plan Assurance Vie Privilège.*

Insurance for self-employed professionals and corporates

Several changes have been made to meet the property and personal insurance needs of self-employed professionals and corporates, with whom the network is actively engaged.

In terms of social welfare, companies of any size can benefit from pension, personal protection or supplemental health insurance policies tailored to their needs.

The range has been supplemented to help private companies meet the new requirement of providing health coverage for their employees before January 1, 2016. *Plan santé entreprise* allows entrepreneurs to select the right plan for their employees, who may then choose additional individual options. Everyone has access to the logistics in place for individual policies: electronic claims management, call centers and the *Avance santé* card.

The multi-risk product is being revamped to offer insurance against all risks to which the company and its operations may be exposed.

Online insurance services

Filbanque subscribers have access to their policies through a dedicated space on the website which offers a completely personalized service, in conjunction with the branches. Users can obtain quotes, subscribe online, change certain aspects of coverage or even switch between life insurance policies. These applications have been developed for tablets. On their smartphone, customers can also find useful telephone numbers, advice in the event of an auto or home accident, as well as view their health coverage and latest reimbursements.

Dedicated spaces are also open to employees of companies that have taken out group health insurance policies or pension savings plans.

Key figures for 2014

Revenue (€ millions)	**Groupe des Assurances du Crédit Mutuel**	**2014/2013**	**Of which: CIC**	**2014/2013**
Property and casualty	1,448	+4.0%	298	+7.5%
Personal	2,461	+3.3%	560	+5.6%
Life	6,552	+6.6%	2,971	+5.2%
Total insurance revenue	**10,461**	**+5.4%**	**3,829**	**+5.5%**
Number of policies				
Property	10,688,254	+2.8%	3,072,981	+2.6%
Of which: Auto	*2,235,640*	*+2.4%*	*424,795*	*+5.6%*
Of which: Home	*2,190,961*	*+2.9%*	*528,965*	*+4.2%*
Personal insurance	12,306,220	+1.7%	3,500,231	+0.4%
Of which: Personal accident and injury (excl. bank personal protection)	*2,266,440*	*+2.0%*	*661,670*	*0%*
Of which: Loan guarantee insurance	*5,617,166*	*+0.3%*	*1,415,331*	*0%*
Life	*3,246,901*	*+3.0%*	*815,240*	+1.0%
TOTAL	**26,241,375**	**+2.3%**	**7,388,452**	**+1.4%**

Investment funds

In 2014, CM-CIC Asset Management consolidated its achievements and focused on new areas of growth.
In 2014, CM-CIC Asset Management, with its new organization and the spin-off of CM-CIC Gestion, was able to take full advantage of business line cross-functional and network synergies. Work began in 2013 to streamline the range and continued in 2014, with the ultimate goal of restructuring the management teams to fully embrace new themes and thus provide a more aggressive offer better suited to network customers' needs. The expansion of the multi-strategy range is a good example. Two funds, *Union Dynamique Moyen Terme,* reworked specifically for institutional clients, and the newly created *Union Alpha +,* are being offered through the expertise and the intermediary of CM-CIC Gestion to private banking and high net worth customers as a way to diversify into unit-linked life insurance policies. The launch of two new funds, *CM-CIC Global Leaders* and *CM-CIC Global Ressources,* also supplemented the international range, which is now managed by a dedicated team. In a difficult environment, CM-CIC Asset Management's fixed-income team was able to manage its assets and preserve its margins.

In 2014, a series of marketing actions was carried out in close partnership with the networks, including the launch of funds for PEA-PME ETI (equity savings accounts for SMEs and mid-market companies) at the beginning of the year, various campaigns for formula funds, and a comprehensive SRI initiative. The networks made regular use of video and audio tools as part of their effort to educate the public on savings products. International development continued with a steady increase in inflows through Targobank Germany for a total of €175 million in assets at end-2014.

Lastly, the teams from CM-CIC Asset Management, CM-CIC Épargne Salariale and the large corporates and institutional investor division won several major invitations to tender (nearly €2 billion).

CM-CIC Asset Management was also able to respond and adapt to an increasingly restrictive legal and regulatory environment. The AMF signaled its approval of the work done by the entity with the issuance of an AIFM license on July 8, 2014.

New projects are underway in 2015, such as the overhaul of the flexible offering for high net worth customers and, internationally, the launch of the first funds for Targobank Spain and Caisses Desjardins. The key objectives of the CM11 group's asset management entity for 2015 are protecting customer assets and growing in such a way as to best serve the networks, with a focus on the medium to long term.

Employee savings management

CM-CIC Épargne Salariale, the core of this business line for CIC and Crédit Mutuel, represented at year-end 2014:
- €6,979 million in assets under management (up by 6.8%);
- 71,453 corporate customers (up by 7%);
- 1,352,778 employees' savings under management.

Net inflows (up by €200 million) and asset valuation (up by €232 million) are behind the change in assets under management.

Inflows in 2014 were equivalent to those in 2013, or €972 million. After substantial outflows in 2013 due to governmental measures, requests for withdrawals slowed sharply in 2014.
Sales activity began to flag with a 12% decline in new contracts compared with 2013.
Contributions to savings plans increased by 6.1%, the result of an impulse toward saving in a difficult economic environment.

This past year saw significant capital expenditure on information technology aimed at enhancing services to companies and savers.

Financing and management of receivables

CM-CIC Factor is the CM11 group subsidiary specializing in receivables and payables management and financing.
It is involved in short-term financing for corporate customers in France and abroad, with a range of factoring and assigned business receivables purchasing solutions.
In 2014, its net banking income rose by 7% to €116 million, due to the increase in management fees. Net investment income rose due to good control over cost of risk.
Overall profitability stood at €47.6 million (up by 15%), with net income at €5 million (up by 41%).
CM-CIC Factor increased its market share in factoring and business receivables purchasing for the sixth year in a row:
- 23% growth in the volume of receivables purchased, to €26.3 billion;
- export revenue of €1.9 billion (up by 19.6%);
- year-end outstandings of €4.2 billion (up by 13%);
- nearly 11,300 active customers.

Growth in business with the networks allowed it to pay back €39.5 million in business contribution and risk fees (up by 10%).

... Retail banking

Real estate leasing

The networks' high level of new business was close to €630 million generated from 278 new real-estate leasing financing agreements for their customers. This brought CM-CIC Lease's total financial and off-balance sheet outstandings to more than €4 billion (up 7%) in 2014. They have risen by 33% since 2010.

Business was diversified and mainly involved logistics warehouses, industrial warehouses and properties (a combined 39.4%), office buildings (24.4%) and commercial properties (22.1%). The breakdown of outstandings remains mostly unchanged. Logistics sites, warehouses and commercial and industrial properties represent 65.6% of the total. The remainder relates to a variety of sectors such as offices, healthcare, hotels, leisure and education.

The financial margin increased by 12.8% and general operating expenses remained stable. The increase in commissions paid to the networks, which stood at €19.6 million (up 10.5%), and in the cost of risk led to a 29% decline in net income to €3.215 million despite 42% growth in gross operating income.

CM-CIC Lease intends to pursue its policy of establishing close relationships and partnerships with group customers, whether they be SMEs, mid-market companies or large and mid-sized corporates, mainly by controlling lead times and the technical aspects of arranging transactions. As such, CM-CIC Lease took the lead role in nearly 60% of new transactions carried out by the lessor pool in 2014.

Equipment leasing

Against the backdrop of a still sluggish investment financing market, CM-CIC Bail had a strong year in 2014: 108,318 leases were arranged, representing nearly €3.6 billion, to meet the investment needs of corporates, self-employed professionals and the liberal professions.

In France, the Crédit Mutuel and CIC networks reported robust new business, mainly in vehicle financing. About 23% of business was generated abroad by the Benelux and German subsidiaries.

Profitability remained high due to growth in volumes and favorable refinancing rates; accordingly, the financial margin reached €159 million. Commissions paid to the networks rose sharply (up 12% after accounting for the timing of contribution fees) with general operating expenses and cost of risk well under control. Net income came to €36.4 million.

In the first year of the new medium-term plan:

- the new auto offering was rolled out;
- preparations were made for the opening of a branch in Spain;
- there was a strengthening of activities involving strategic drivers, namely growth in sales activity and continued high levels of competitiveness and profitability;
- the quality initiative that comes under the "service attitude" project was continued.

Corporate banking

In 2014, net banking income from financing came to €328 million and income before tax to €190 million. The bank mobilized all its specialized teams and the various branches for its major customers to whom it provides customized long-term support, with a full range of services.

Corporate banking: key figures (€ millions)	2014	2013	Change 2014/2013
Net banking income	328	278	18.0%
General operating expenses	(89)	(85)	4.7%
Operating income before provisions	239	193	23.8%
Cost of risk	(49)	(38)	28.9%
Income before tax	190	155	22.6%
Net income attributable to the company	133	104	27.9%

Source: consolidated financial statements.

Large corporates and institutional investors

The commitments of the Large Accounts division were stable overall in 2014 in what was nonetheless a depressed economic climate. Overall exposure (excluding counter-guarantees received), fell from €18.5 billion to €17.9 billion. On-balance sheet outstandings decreased by 16.6% (€3.2 billion compared with €3.9 billion at end-2013) and off-balance sheet guarantees (sureties and risk participations) decreased by 5.3% (€5.5 billion versus €5.8 billion). In contrast, off-balance sheet financing (undrawn committed lines) rose by 3.4% (€9.2 billion compared with €8.9 billion).

The risk selection policy was maintained, together with the continued quest for reduced concentration of commitments by means of greater sector diversification. Prospecting activities were relaunched, as specified in the medium-term plan.

Net provisioning increased with a net addition of €44.4 million for the year, but the quality of the portfolio was strengthened with 85.5% of commitments classified as investment grade (compared with 79.6% at end-2013).
With interest rates trending lower, the rates offered to customers were revised.

Deposits stood at €6.6 billion at year-end, compared with €8.6 billion a year ago, including €4.7 billion in sight deposits. To this were added, at that date, €3.1 billion in marketable debt securities and €11.7 billion in money market UCITS (versus €9.6 billion), excluding UCITS not in custody.

... Corporate banking

CIC played a role in 33 syndicated loan transactions (compared with 27 in 2013), 88% of which were connected with refinancing (extension of final maturity; whether to amend the loan amount; revision of the terms, most often downward to track the market trend).
The SEPA migrations were the major event of the year in terms of transaction processing, and CIC ensured its customers made a smooth transition. The volumes involved reached €207 billion, of which 54% for institutional investors. Ten new tenders were successful, or 55% of tenders received.
The formal creation of the Large Accounts business line within the entire group continued so as to better coordinate the sales campaigns of the various teams in contact with major customers. As such, staffing levels were increased, primarily by adding employees from specialized businesses.
Priority projects included the work done on the sales monitoring and transaction profitability measurement tools.

At December 31, 2014, net banking income was €98.7 million. This amount only included part of the income from transactions passed to other group operating units (cross-selling) for which the Large Accounts division is a significant referrer.

Specialized financing

Despite non-bank competition, and the resumption of specialized financing operations by a number of banks, 2014 was a very good year in terms of business and results.
Net banking income rose by 26.3% and operating income before provisions by 32.6%.
Net provisioning decreased significantly. As a result, operating income before tax was up by a sharp 63%.
At December 31, 2014, total commitments were up significantly, by just over 10%, mainly due to the appreciation of the US dollar against the euro.

Financing of acquisitions

The group supports its customers in their plans for business transfers and external growth and development by offering its expertise and know-how in structuring the most appropriate financing for each type of transaction.

On the commercial side, business was buoyant, especially in the small- and mid-cap sector. New business was undertaken with particular attention being paid to risk/reward ratios. This conservative approach is reflected in a high-quality portfolio with a lower risk profile.
In a market characterized by an influx of cash, lower margins and pressure on structures were felt both in France and in the bank's overseas branches. The development of the third-party management business continued with the first closing of the private debt fund.

Asset finance

The Asset Finance business line (Paris, New York and Singapore) saw a sharp rebound in new business in all sectors concerned. This growth stemmed from the pursuit of a closely managed investment policy, support for the group's customers and new customer wins, despite the still difficult environment in certain sectors (shipping, in particular) and stiffer banking competition. Against this backdrop, credit margins once again deteriorated. Conversely, optimized financing operations again contributed significantly to income.

Project finance

The year 2014 was a very active one in a highly competitive environment. Customer development slowed in France but accelerated internationally. To better support this growth, project finance opened a desk in New York.
The business line confirmed its presence in the electricity sector with 10 renewable projects: two solar power plants in the USA and one in France, and seven wind farms in Europe, including one offshore. European telecom infrastructure projects also made a comeback, with five transactions. Other infrastructure transactions include projects as diverse as an airport in Australia, a power grid in Finland and, in France, an urban heating network, a wastewater collection system and a stadium. Also worth noting in terms of natural resources projects are an LNG project in the USA and a uranium enrichment plant project in France.
The breakdown of new business approvals in 2014 by sector is as follows: 33% for electricity, 26% for infrastructure, 25% for telecom infrastructure and 16% for natural resources.
By geographic area it is as follows: Europe 69%, Asia Pacific 17% and America 14%.
Total approvals (outstandings) can be broken down as follows: electricity 41%, infrastructure 39%, telecom infrastructure 7% and natural resources 13%.

International

CIC's international mission is to support customers in their international development, by proposing a diversified offering tailored to companies' needs.

Through CIC Développement International, CIC provides an innovative range of services to SMEs, including market studies, arranging sales visits, and prospecting for partnerships and locations. These services are delivered with the backing of CM-CIC Aidexport, its specialist international consulting subsidiary, and of its branches and representative offices. They are promoted on an ongoing basis by the branch networks' campaigns and at special events such as one-day seminars and country-specific discussion forums.

CIC also offers its investment customers a research service that analyzes the credit risk of major French and international bond issuers and the main sectors of the European and global economies.

Financing activity in 2014 remained robust in terms of buyer credit negotiations, documentary transactions and issues of guarantees for both import and export, against the backdrop of increased geopolitical risks and slowing momentum in emerging countries.

Thanks to agreements with partner banks, CIC boasts competitive offerings in the area of international transaction processing, particularly cash management and opening accounts abroad.

CIC also offers its French and foreign bank customers a broad range of products and services. Managed by a single ISO 9001 certified business unit, processing of international transactions is spread over five regional centers so as to provide services close to home in tandem with the corporate banking branches.

Support for customers abroad is underpinned notably by strategic partnerships with Desjardins in Canada, the Bank of East Asia in China, Banque Marocaine du Commerce Extérieur and Banque de Tunisie in North Africa, and Targobank and Banco Popular in Spain.

Foreign branches and representative offices around the world

London

The main missions of the London branch are the provision of financing to UK subsidiaries of French groups, specialized financing, advisory services to businesses wishing to enter the UK market, and obtaining refinancing for the group. Despite the economic recovery, assets continued to decline due to the prepayment of certain loans. The branch had a good year thanks to new transactions, an increase in gross revenues and a clawback on certain debts for which a provision has been recorded. In 2014, net income* amounted to €29.1 million.

New York

The year was marked by an acceleration in economic growth and the normalization of the Federal Reserve's monetary policy, with the tapering of its asset-purchase program.

For the financing of acquisitions and corporate finance, the year was characterized by a rise in outstandings and revenues thanks to new branch transactions, despite continued refinancing against a background of abundant liquidity. The asset financing business line also expanded with a diversified portfolio and loan structures designed to protect against risk. Operations relating to French corporates remained buoyant.
The results from capital markets activities were positive, with good control of real estate securitizations and reversals of provisions.

The branch's net income* for 2014 was €127.9 million.

Singapore, Hong Kong and Sydney

With the economic situation still favorable in Asia, despite a relative slowdown, the product specialization policy was maintained, giving preference to the most stable countries in the region, and being highly selective with regard to risk.
For specialized and corporate financing, the year saw both outstandings and revenues contract slightly, with the cost of risk close to zero.
Private banking continued its growth strategy.
Portfolios under management and financial income clearly improved.
Income from capital markets activities, focused on serving institutional and private customers, rose sharply in a favorable environment.
Support in Asia for corporate customers of the French network is underpinned by the group's international product offerings.
The branch's net income* for 2014 was €15.3 million.

Representative offices

In addition to its foreign branches, CIC also has a network of 35 representative offices around the world, which place their expertise and their knowledge of regional markets at the disposal of the group's customers and specialized business lines, thus contributing to the development of its international business.

* Contribution to CIC's consolidated net income.

Capital markets activities

In 2014, capital markets activities generated net banking income of €304 million. Income before tax was €208 million.
The teams made their investment expertise available to their customers for investment transactions and hedging financial risk.

Capital markets activities: key figures (€ millions)	2014	2013	Change 2014/2013
Net banking income	304	473	-35.7%
General operating expenses	(175)	(166)	5.4%
Operating income before provisions	129	307	-58.0%
Cost of risk	79	(7)	NA
Income before tax	208	300	-30.7%
Net income attributable to the company	157	185	-15.1%

Source: consolidated financial statements.

CM-CIC Marchés

CM-CIC Marchés undertakes all of the group's capital markets activities, both for its own refinancing and investment requirements and for its customers. These activities are carried on mainly in France, but also in the New York, London, Frankfurt and Singapore branches.

CM-CIC Marchés serves both as a vehicle for refinancing its own development and a trading room for corporates, local governments, large accounts, institutional investors and private customers interested in the innovative products developed by its teams. Acting also as a service provider, *CM-CIC Marchés* enables other group entities to manage financial risks and transactions more effectively.

Business development

The French sales teams are based in Paris and the main regional cities. They serve network customers and large corporates by offering products to hedge their risks (interest rate risk, currency risk, commodities risk), to refinance (particularly commercial paper) and to make classic or structured investments. These activities are also marketed to international customers, where applicable through local entities.

Sales executives are armed with an original and proven range of investment products as a direct result of their expertise in "fixed income/equities/credit" investment.
These activities experienced strong growth in 2014 particularly with the *Cigogne* fund.

Refinancing

The information below relates to the central treasury department* of the CM11 group. In 2014, the group's strong fundamentals, which are well regarded by international investors, greatly facilitated access to external funding resources.

At end-December, the volume of market deposits totaled €119 billion, up 8% relative to end-2013. This increase was mainly due to the strengthening of the LCR liquidity buffer and to access to the ECB's TLTRO in the fourth quarter.

Short-term money market funding totaled €40.7 billion (up 6%) at end-2014 and accounted for 34% of total market borrowings (compared with 35% one year earlier). Of this short-term funding, one-third now comes from ECP, reflecting the continued diversification of our funding in this area.

The strategy of consolidating external funding resources was maintained, with medium- and long-term borrowing totaling €78.6 billion at end-2014 (including TLTRO), compared with €71.9 billion one year earlier.
The group continued to meet with investors in Europe, of course, but also in the United States and Asia, notably in Japan.
In 2014, the group's reputation with investors outside Europe was cemented by the following BFCM issues:
- in January, USD 1,500 million (Rule 144A offerings) with three- and five-year maturities;
- in March and October, two offerings totaling JPY 97.2 billion (€689 million) in "samurai" bonds with two-, three- and five-year maturities.

These transactions complemented the two covered bond offerings (Crédit Mutuel-CIC Home Loan SFH) of €1,500 million and €1,000 million with five- and 10-year maturities that were launched in January and June, respectively, as well as a €1,500 million BFCM public offering in March 2014.

In May, the group also completed a €1,000 million offering of Tier 2 subordinated notes for the purpose of protecting unsecured creditors in light of the forthcoming bail-in rules.
The group significantly strengthened its Basel 3 liquidity ratios (LCR and NSFR), which now exceed the 100% threshold.

The LCR liquidity buffer managed by the central treasury department totaled nearly €50 billion at end-2014. It consists mainly of cash deposited with the ECB and eligible securities with short average maturities. This liquidity could be made available extremely rapidly (58% immediately and up to 92% in a few days).

The capacity to withstand an extended market closure was further strengthened. At end-2014, the volume of assets eligible for the LCR and/or the ECB covered 165% of market deposits falling due in the next 12 months (145% at end-2013).

* To which must be added the transactions carried out by Targobank Germany and by the CIC group's New York and Singapore subsidiaries and branches.

Fixed income/equities/credit investment

The teams make investments within a well-defined framework of limits. Essentially this concerns the purchase and sale of financial securities acquired with the intention of holding them for investment, and transactions involving financial instruments linked to these securities.
In 2014, the financial markets were characterized by:
- in the first half of the year, an easing of credit spreads and improved risk perception for the lowest-rated peripheral countries;
- throughout the year, central bank interventions, by the ECB in particular, which pushed interest rates very low and created abundant liquidity;
- in the second half of the year, a tense geopolitical environment.

In this context, positions were managed cautiously. Results of capital markets activities, in France and New York, were in line with budget forecasts and with the target of limiting volatility in financial results from these activities and focusing on business development.
Alternative investment products, created by investment business line experts and offered to customers, were of good quality. Stork, the main alternative investment fund, beat its comparable indices, while volatility remained under control (10.4% annualized rate over 36 months). Total outstandings sold rose by 56%.

Financial transactions, brokerage and custodial activities

The *CM-CIC Securities* investment firm, which is a broker-dealer, clearing agent and custodian, meets the needs of corporates, asset management companies and institutional investors through its three business lines.

The Corporate department is the group's business line center for financial transactions. It relies on the expertise of CM-CIC Capital Finance's capital structuring and specialized financing teams and benefits from the commercial coverage of Large Accounts, the network and group entities including BECM, CIC Banque Privée, Banque Transatlantique, etc.

In 2014, it took part in 33 bond issues, 22 of them as book runner. The team conducted private placements (EuroPP) for some of these issues, mainly for *NGE, MGI Coutier, Albioma* and *Compagnie des Alpes,* as well as a perpetual convertible bond issue for *Assystem.* The *Equity Capital Market* team completed six IPOs *(Crossject, Oncodesign, Fermentalg, Serge Ferrari Group, Visiativ, Euronext),* two capital increases for *Peugeot* and *Eurosic,* and one public offer for *Visiodent.*
The department also provides issuer services (financial communication, liquidity contracts and stock buybacks, financial secretarial and securities services) for more than 150 listed and unlisted companies.

... Capital markets activities

The Brokerage department trades and clears for customers on all European and North American equity markets and on numerous international equity, bond and derivative markets. *CM-CIC Securities* also trades routing orders for retail customers in the Crédit Mutuel and CIC networks.

CM-CIC Securities is a member of *ESN LLP*, a "multi-local" network of nine brokers operating in nine European countries (Germany, the Netherlands, Belgium, Finland, Italy, Spain, Portugal, Greece and France), and is a majority stockholder of GSN North America (USA and Canada). Covering more than 650 European companies, the ESN network has a research team of 100 analysts and strategists, as well as 150 salespeople and traders spread throughout Europe. For its part, *CM-CIC Securities* has 31 analysts and strategists, and 28 salespersons in Paris and Lyon and seven in New York *(GSN North America)*. It also has four salespersons for index-linked, equity and agricultural commodities derivatives, the latter relating to the Préviris service for hedging wheat, rape and corn harvests, as well as nine salespersons and traders for traditional and convertible bonds.

The investment firm offers its customers high-quality research on US and Canadian equities and on commodities thanks to exclusive distribution agreements for Europe with *Needham & Co*, an independent US investment bank based in New York, *Valeurs Mobilières Desjardins*, a subsidiary of *Mouvement Desjardins*, Canada's number one cooperative financial group, and *Afrifocus Securities*, an independent broker from South Africa.

Over the course of the year, *CM-CIC Securities* held more than 250 company and analyst presentations (road shows) and seminars in France and abroad.
As a securities custodian, *CM-CIC Securities* serves 122 asset management companies, administers more than 26,000 personal investor accounts and acts as custodian for more than 300 mutual funds, representing €22.5 billion in assets. The investment undertaking welcomed 13 new asset management companies in 2014, an acknowledgment of its teams' know-how, the quality of its SOFI account-keeping software and the financial strength of the CM11 group.

Private banking

In 2014, the commercial performance of private banking activities in buoyant financial markets was satisfactory and the overall results once again increased sharply.

Private banking: key figures (€ millions)	2014	2013	Change 2014/2013
Net banking income	458	444	3.2%
General operating expenses	(338)	(329)	2.7%
Operating income before provisions	120	115	4.3%
Cost of risk	(2)	(7)	-71.4%
Income before tax	119	109	9.2%
Net income attributable to the company	88	71	23.9%

Source: consolidated financial statements.

CIC Private Banking covers all private banking business lines worldwide.
Internationally, the group has operations in high growth potential regions: Luxembourg, Switzerland, Belgium and Asia.
Its brands offer nearly 180,000 customers a wide range of high value-added services.
With €111 billion in assets under management, €16 billion in commitments and close to 1,900 employees, CIC Private Banking's contribution to CIC's 2014 net income was nearly €150 million.

FRANCE

Two key players operate here:
- CIC Banque Privée, which is integrated with the CIC network and mainly targets senior executives;
- Banque Transatlantique, whose tailor-made services, aimed largely at French nationals living abroad, include private banking and stock options.

CIC Banque Privée

With 339 employees spread among 50 towns and cities in France, *CIC Banque Privée* assists high net worth families and supports senior executives at key stages in the life of their businesses: broadening their capital base, growth through acquisitions and family transfers.
Working together with wealth engineers, its 179 private banking managers help senior business executives to identify issues and establish appropriate business and wealth strategies.

All the skills of the group, notably in the international field, are mobilized to propose the best solutions.
In 2014, thanks to an increase in corporate divestitures, *CIC Banque Privée* pursued growth and fund inflows, drawing on its close customer relationships and selecting the best banking and financial offerings in the market.

At end-2014, it rolled out an offering for executives of businesses valued at less than €7 million, to support them when they sell their company. This service supplements CM-CIC Conseil's pre-existing offering for companies valued at more than €7 million. This rollout will help expand the business line in 2015.
The *Sélection F* multi-management offering designed by CM-CIC Gestion and provided in conjunction with advisory services on switching life insurance policies, contributed to *CIC Banque Privée*'s growth in 2014.
Customer savings stood at close to €17 billion at year-end, and the contribution of *CIC Banque Privée* represented nearly 30% of the results of the group's private banking arm for the year.

... Private banking

Banque Transatlantique group

2014 was a record year in terms of growth in assets under management and net banking income and profits.
Assets under management amounted, at end-2014, to €22 billion (up by 7%). Consolidated net banking income increased by 14% to €129.3 million and consolidated net income by 36% to €39 million. Despite sluggish stock markets, Banque Transatlantique group was able to achieve this performance thanks to the vigorous efforts of the bank's teams, with a growing number of customers placing their trust in it.

Banque Transatlantique Paris

Net banking income was up 14% to €71.6 million and net income up 52% to €18.8 million.
Assets under management rose to €16.2 billion and outstanding loans to €1.4 billion.

Banque Transatlantique Belgium

Net banking income was up 7% to €12.8 million and net income up 1% to €5 million.
Assets under management rose to €1.7 billion and outstanding loans to €313 million.

Banque Transatlantique Luxembourg

Net banking income increased by 20% to €12.1 million and net income rose from €2.8 million to €4.4 million.
Assets under management amounted to €813 million and outstanding loans to €141 million.

Transatlantique Gestion

Net banking income was up 23% to €23.5 million and net income up 36% to €9.4 million.
Assets under management were €2.6 billion.

Dubly-Douilhet Gestion

This company was taken over by Banque Transatlantique in 2013. Net banking income was €7.8 million and net income was €2 million for €1 billion of assets under management.

CIC PRIVATE BANKING INTERNATIONAL NETWORK

Banque de Luxembourg

Banque de Luxembourg is one of Luxembourg's leading banks. In 2014, its private banking outstandings increased to €21 billion. It specializes in tangible and intangible asset management for an international customer base of high net worth families and entrepreneurs. It provides its customers with an integrated offering, ranging from investment advisory services to financing solutions.

In 2014, Banque de Luxembourg strengthened its positioning on its domestic market while simultaneously expanding its presence on the Belgian market, its second largest from an operational standpoint. With the introduction of worldwide tax transparency now at hand, Banque de Luxembourg has also redoubled its efforts to develop its sales activity in new markets, in Europe and beyond.

Banque de Luxembourg also pioneered the development of a center of excellence for asset management professionals. For more than 40 years, its support for fund sponsors has ranged from helping them create their vehicles to assisting them with their international development. It has thus often played the role of incubator. It offers the same tools to third-party asset managers, who select it for the soundness of the custodian bank, as it does to its own asset managers.
In an increasingly complex regulatory world, the bank helped its customers implement AIFMD and FATCA. Its services to professionals have seen consistent growth. The investment fund division has €36 billion in assets and the third-party management business has €6.4 billion in assets under management. In 2014, the bank's net banking income was €221 million and net income stood at €61 million.

Banque CIC Suisse

The bank successfully continued its dynamic development in 2014, with a focus on Swiss liberal professions, businesses and their leaders.
The customer portfolio grew nearly 10%, while assets under management and total assets rose by more than 10%. Personalized service, coupled with the group's extensive product offering, remains the key element of the strategy.
The bank possesses the technical, financial and human resources to further unlock the potential of the Swiss market. Growth remains the bank's objective, as demonstrated by the 10% increase in net banking income to CHF 98.3 million and in net income to more than CHF 8.7 million.

CIC Singapore Branch and CICIS Hong Kong

Since 2002, CIC has carried on its private banking business in Asia from Hong Kong and Singapore, two major financial centers in this field in Asia.

In 2014, investors' appetite for the bond markets increased so as to continue to take advantage of the high level of long-term liquidity, particularly during the first half of the year.

Assets under management increased by 24.4% and income by 30%.

CIC continued to strengthen both the quality and number of its advisers, and has assembled a team dedicated to each customer segment.

In 2015, it will focus its efforts on growing from its base in Hong Kong.

Private equity

CM-CIC Capital Finance is the nationwide vehicle for all corporate capital structuring business lines. With €2.6 billion in assets under management and more than 530 companies in its portfolio, the company is positioned as the leading French bank-owned operator.

Private equity: key figures (€ millions)	2014	2013	Change 2014/2013
Net banking income	149	119	25.2%
General operating expenses	(38)	(34)	11.8%
Operating income before provisions	111	85	30.6%
Cost of risk			
Income before tax	111	85	30.6%
Net income attributable to the company	110	86	27.9%

Source: consolidated financial statements.

Together with its subsidiaries (CM-CIC Investissement, CM-CIC Capital Innovation, CM-CIC Capital Privé, and CM-CIC Conseil), CM-CIC Capital Finance has more than 100 employees spread among the Paris headquarters and six regional offices (Lyon, Nantes, Strasbourg, Lille, Bordeaux and Montreal).

With a comprehensive offering including venture capital, private equity, buyout capital, and advice on mergers and acquisitions, CM-CIC Capital Finance takes equity stakes ranging from €1 million to €100 million to support companies in their development in France and internationally. The environment in 2014 in the SME segment was difficult and unfavorable for CM-CIC Capital Finance's customers' plans for growth. Nevertheless, thanks to the consistency of its strategic positioning, based on its long-term vision of developing companies and supporting them with long-term capital invested sustainably, the entity was resilient — both in terms of activity and portfolio performance — and overall profitability increased.

Thus, as part of its proprietary trading, more than €277 million (nearly two thirds invested in mid-size companies) was invested in 147 companies, including nearly 50% in support of portfolio companies. The main equity stakes taken were in *Exaprint, Kabo, Olly Gan, Seafrigo, Synerglace,* and *Zoo de Beauval,* and additional investments were made in Abeo, Bugal, Finaero, Serge Ferrari, Sill, and Thermador.

Portfolio turnover was high. Divestment, with transfer values totaling €277 million, gave rise to capital gains of €125 million (including reversals of provisions for capital losses), demonstrating the quality and resilience of the investments made. Liquidity was created for assets, and the main divestments concerned *Eurodatacar, Foir'Fouille, Focal & Naim, Naturex, SCF* and, internationally, *Primus.* CM-CIC Capital Innovation sold its stake in *Kalistick* and part of its holding in *Nanobiotix.*

At December 31, 2014, this portfolio amounted to €2 billion (including €80 million in innovation capital) with close to 460 holdings. It is diversified and has a significant amount invested in private equity (more than 60%). Managed assets generated dividends, coupons and financial income of €47.9 million.

Despite the further deterioration in the economic and financial environment in terms of value creation, the amount of unrealized gains increased, which had a positive impact on the IFRS result.

In terms of third-party management, CM-CIC Capital Privé conducted three new rounds of fund subscriptions [(the Select PME 2014 FIP mutual fund offering income tax relief (FIP IR), the Select Innovation 2014 FCPI innovation fund offering income tax relief (FCPI IR) and the Patrimoine PME FIP mutual fund offering wealth tax relief (FIP ISF)] for €50.7 million and invested €25.2 million.

Funds under management amounted to €359.7 million, after redemptions of €42.6 million by subscribers and the closing of three funds.

The advisory business had a lackluster year with five transactions in a subdued mergers and acquisitions market on the market covered.

CM-CIC Capital Finance and its subsidiaries contributed €111 million (up 29.1% compared with 2013) to CIC's results.

REGIONAL AND INTERNATIONAL DIRECTORY

Regional banks

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HISTORY OF CIC

CIC is the oldest retail bank in France. It developed internationally and in France before adding its insurance business lines to its banking activities.

CIC, France's oldest retail bank

1859. Société Générale de Crédit Industriel et Commercial was created on May 7 by imperial decree of Napoleon III.
1864. CIC took significant stakes in new banks such as Société Lyonnaise.
1895. Opening of the first foreign branch in London.
1896. CIC took part in setting up several banks around the world: Banca Nationala a Romaniei, Banco de Madrid, Banque de Nouvelle Calédonie, Banque de la Réunion and Banque de Madagascar.
1917. The stock of the regional subsidiaries was shown in CIC's balance sheet.

Policy of taking stakes in regional banks

1918-1927. CIC took stakes in the equity of regional banks: Banque Dupont, Banque Scalbert, Crédit Havrais, Crédit de l'Ouest.
1927. Birth of the Groupe des Banques Affiliées (GBA).
1929. Creation of Union des Banques Régionales pour le Crédit Industriel (UBR) which brought together 18 regional and local banks. In the same year CIC founded Société de Secours Mutuels.
1948-1970. Regional banks in expansion phase.
1968. The Suez-Union des Mines group took control of CIC.
1971-1982. The majority of CIC's capital (72%) was held by Compagnie Financière de Suez. During this period the bank opened offices abroad.

From nationalization to privatization

1982. CIC was nationalized, along with the nine regional banks under the Groupe des Banques Affiliées.
1983. The CIC group was restructured: 51% of the regional banks' capital was now held by the parent company.
1984. Restructuring continued with the creation of CIC Union Européenne, International et Cie, and Compagnie Financière de CIC.
1985. Insurance company GAN took a 34% stake in the capital of Compagnie Financière.
1987. 100% of the capital of the regional banks was now held by Compagnie Financière.
1989. GAN's stockholding increased from 34% to 51%.
1990. Merger of Compagnie Financière de CIC and Banque de l'Union Européenne to form Union Européenne de CIC, bank and holding company for the CIC group, holding 100% of the capital of the regional banks.
1991. GAN held 81.92% of the capital of Union Européenne de CIC.
1993. GAN held 92.64% of the capital of Union Européenne de CIC.
1996. The French government (Juppé administration) decided to privatize the CIC group in an over-the-counter procedure which was suspended in December of that same year.
1997. The French government (Jospin administration) resumed the privatization process on the same basis.

Crédit Mutuel acquires CIC

1998. The government announced that Banque Fédérative du Crédit Mutuel (the holding company for Fédération du Crédit Mutuel Centre Est Europe) was now the majority stockholder of Union Européenne de CIC, with 67% of the capital. GAN retained 23% and more than 7% was reserved for employees. The capital was increased from FRF 2,864,359,400 to FRF 3,500,883,600 (€436,668,775 to €533,706,264). Michel Lucas, CEO of Fédération du Crédit Mutuel Centre Est Europe, became chairman of the Executive Board of CIC, and Étienne Pflimlin, chairman of CMCEE, became chairman of the supervisory board.
1999. The merger of Union Européenne de CIC (the holding company for the group) with CIC Paris (the regional bank for Greater Paris) gave rise to Crédit Industriel et Commercial (CIC), a new structure and name, which was both the group's leading bank and a regional bank. Also, BFCM sold 1% of the capital to Caisse Centrale du Crédit Mutuel.
2000-2004. Development of the international base, with a stake taken in Banque Marocaine du Commerce Extérieur, a further stake in Banque de Tunisie and partnership agreements entered into with Banca Popolare di Milano, Italy, and Bank of East Asia.
2000. New organizational structure launched: implementation of a single IT system and a common platform, creation of new points of sale and common business centers for Crédit Mutuel and CIC.
2001. Share capital of CIC now €560,141,376. Another change in the ownership structure as Crédit Mutuel buys GAN's stake.
2004. A year of major changes: implementation of a single common IT tool for Crédit Mutuel and CIC, a new brand image for CIC in the Greater Paris region, filling out of the network.
A new regional organization split into six axes:
- Greater Paris region with lead bank CIC;
- Northwest with CIC Banque Scalbert Dupont and CIC Banque CIN;
- East with CIC Banque CIAL and CIC Banque SNVB;
- Southeast with CIC Lyonnaise de Banque and CIC Bonnasse Lyonnaise de Banque;
- Southwest with CIC Société Bordelaise;
- West with CIC Banque CIO and CIC Banque BRO.

2006. Mergers:
- CIC Banque Scalbert Dupont, CIC Banque CIN, and CIC Crédit Fécampois merged to form a new entity: CIC Banque BSD-CIN;
- CIC Banque CIO and CIC Banque BRO merged to form a new entity: CIC Banque CIO-BRO.

2007. Merger:
- CIC Banque SNVB and CIC Banque CIAL merged to form a new entity: Banque CIC Est.

2008. CIC Lyonnaise de Banque absorbed CIC Bonnasse Lyonnaise de Banque.

2010.
- Banque BSD-CIN changed its name to Banque CIC Nord Ouest;
- Banque CIO-BRO changed its name to Banque CIC Ouest;
- Banque Société Bordelaise changed its name to Banque CIC Sud Ouest.

2011. On May 19, the combined annual general meeting of stockholders changed the governance structure from that of a *société anonyme* (French limited liability company) with an executive board and a supervisory board to that of a "classic" (single board) *société anonyme.*
The board of directors, meeting immediately after the AGM, decided that general management should be assumed by Michel Lucas, chairman of the board of directors and chief executive officer, and Alain Fradin, chief operating officer.

2014. On December 11, the board of directors acknowledged Michel Lucas's resignation as chairman and chief executive officer and, at his proposal, made the following appointments: Nicolas Théry, chairman of the board of directors; Alain Fradin, chief executive officer; and Daniel Baal, deputy chief operating officer. Daniel Baal and Philippe Vidal, already deputy chief operating officer, were named effective managers ("dirigeants effectifs") alongside Alain Fradin.

CAPITAL

Amount and composition of the capital

At December 31, 2014, the capital of CIC amounted to €608,439,888 and was composed of 38,027,493 stock units, each of €16 nominal, fully issued and paid up.
As authorized by the combined general meeting of stockholders of May 26, 1999, the executive board converted the bank's capital to euros through its decision of June 19, 2001. At that time, in accordance with the authorization granted, the par value of each stock unit was changed to €16 from FRF 100, resulting in a capital increase of €26,435,111.72.
During 2003, Banque Fédérative du Crédit Mutuel (BFCM) transferred to CIC 705,000 stock units in Fédébail, representing 94% of that company's capital. Consideration for this transfer – which was approved by the extraordinary general meeting of stockholders of May 15, 2003 – took the form of the issue and allocation to BFCM of 199,330 new CIC stock units with a par value of €16. As a result of this transaction, CIC's capital increased from €560,141,376 to €563,330,656.
Within the context of the restructuring of the group's capital markets activities, CIC Banque CIAL transferred its capital markets activities to CIC. This transfer was approved by the extraordinary general meeting of stockholders of September 7, 2006 and 229,730 stock units in CIC were issued by means of a capital increase and allocated to CIC Banque CIAL in consideration for the transfer. In accordance with the approval granted under Article 115 of the French Tax Code, these stock units were granted free of charge to CIC by CIC Banque CIAL at the end of the year. As a result, CIC then held 229,730 of its own stock units.
During 2007, CIC absorbed Crédit Fécampois (10th and 11th resolutions of the combined general meeting of stockholders of May 31, 2007), its stockholders other than CIC receiving consideration in the form of stock units in CIC issued by means of a capital increase, CIC waiving the right to receive its own stock units. 5,850 new stock units were issued, corresponding to a capital increase of €93,600.
Pursuant to the fourth resolution of the combined general meeting of stockholders of May 31, 2007, offering the option of receiving payment of the dividend in the form of stock units, the capital was increased by €6,526,912 by the issue of 407,932 new stock units.
Pursuant to the fifth resolution of the combined general meeting of stockholders of May 22, 2008, offering the option of receiving payment of the dividend in the form of stock units, the capital was increased by €12,758,128 by the issue of 797,383 new stock units.
Pursuant to the fourth resolution of the combined general meeting of stockholders of May 12, 2009, offering the option of receiving payment of the dividend in the form of stock units, the capital was increased by €4,291,360 by the issue of 268,210 new stock units.
Pursuant to the fourth resolution of the ordinary general meeting of stockholders of May 20, 2010, offering the option of receiving payment of the dividend in the form of stock units, the capital was increased by €17,763,552 by the issue of 1,110,222 new stock units.

Securities not carrying the right to a stake in equity

None.

Changes in control and changes in capital

The bylaws do not contain any provision that would have the effect of delaying, deferring or preventing a change in control, or that would impose stricter conditions on changes in capital than those provided for by law.

... Capital

Changes in capital over the last five fiscal years

	2010		2011		2012	
	Number of stock units	Amount in €	Number of stock units	Amount in €	Number of stock units	Amount in €
At January 1	36,917,271	590,676,336	38,027,493	608,439,888	38,027,493	608,439,888
Capital increase in cash	1,110,222	17,763,552				
Of which additional paid in capital						
TOTAL CAPITAL AT DECEMBER 31	**38,027,493**	**608,439,888**	**38,027,493**	**608,439,888**	**38,027,493**	**608,439,888**

Ownership structure at the close of the last three fiscal years, in stock units and voting rights

	At 12/31/2012				At 12/31/2013			
	Number of stock units	%	Voting rights	%	Number of stock units	%	Voting rights	%
Banque Fédérative du Crédit Mutuel	27,591,315	72.56	27,591,315	73.01	27,657,888	72.73	27,657,888	73.19
Ventadour Investissement	7,407,901	19.48	7,407,901	19.60	7,407,901	19.48	7,407,901	19.60
Caisse centrale du Crédit Mutuel	384,436	1.01	384,436	1.02	384,436	1.01	384,436	1.02
Banca Popolare di Milano	352,082	0.93	352,082	0.93	352,082	0.93	352,082	0.93
Crédit Mutuel Nord Europe	375,289	0.99	375,289	0.99	375,289	0.99	375,289	0.99
Crédit Mutuel Arkéa (Suravenir)	263,585	0.69	263,585	0.70	263,585	0.69	263,585	0.70
Crédit Mutuel Maine-Anjou, Basse Normandie	256,186	0.67	256,186	0.68	256,186	0.67	256,186	0.68
Crédit Mutuel Océan	266,292	0.70	266,292	0.70	266,292	0.70	266,292	0.70
Crédit Mutuel du Centre	219,458	0.58	219,458	0.58	219,458	0.58	219,458	0.58
Crédit Mutuel Loire-Atlantique et Centre Ouest	135,329	0.36	135,329	0.36	135,329	0.36	135,329	0.36
FCPE ACTICIC (employees and former employees)	66,573	0.18	66,573	0.18				
Crédit Mutuel Normandie	26,626	0.07	26,626	0.07	26,626	0.07	26,626	0.07
Public, other stockholders	448,655	1.17	448,655	1.18	449,000	1.18	449,000	1.18
Treasury stock (own stock held and stock units held in connection with the liquidity agreement)	233,766	0.61		-	233,421	0.61		-
TOTAL	**38,027,493**	**100**	**37,793,727**	**100**	**38,027,493**	**100**	**37,794,072**	**100**

Pursuant to the agreements entered into on September 11, 2001 between CIC, BFCM, GAN, and Groupama, GAN's 23% stake in CIC was acquired by Ventadour Investissement, a wholly-owned BFCM subsidiary.
In accordance with its contractual commitments, each year BFCM acquires the stock units sold by current and former employees of CIC who took part in the 1998 privatization. These sales mainly concerned 463,394 stock units in CIC sold in July 2003 on expiry of the five-year holding period and 66,573 stock units in 2013, the last year for BFCM's contractual commitment.
On February 8, 2006, pursuant to the strategic partnership agreement entered into with CIC, Banca Popolare di Milano acquired 352,082 CIC stock units from Ventadour Investissement. As the partnership was terminated, Banca Popolare di Milano sold its 352,082 stock units to Ventadour Investissement in June 2014.
The 236,539 stock units held by CIC at December 31, 2014 (of which 229,741 own stock units held and 6,798 held in connection with the liquidity agreement) are stripped of voting rights but do not have a material impact on the ownership structure or the allocation of voting rights between stockholders as set out opposite.
As at December 31, 2013, the FCPE (company mutual fund) ACTICIC no longer held any CIC stock units and was being absorbed by a money market fund. The registered stock units held directly by employees and former employees represented 0.11% of the capital of CIC at December 31, 2014.

Names of natural or legal persons able to exert control over CIC, either individually, jointly or in concert

At December 31, 2014, BFCM (Banque Fédérative du Crédit Mutuel), which is 93.1% owned by Caisse fédérale de Crédit Mutuel, held 93.7% of the capital of CIC, both directly (73.2%) and through its wholly owned subsidiary Ventadour Investissement. It therefore exerts control over CIC.

2013		2014	
Number of stock units	Amount in €	Number of stock units	Amount in €
38,027,493	608,439,888	38,027,493	608,439,888
38,027,493	**608,439,888**	**38,027,493**	**608,439,888**

At 12/31/2014			
Number of stock units	%	Voting rights	%
27,657,888	72.73	27,657,888	73.19
7,759,983	20.41	7,759,983	20.53
384,436	1.01	384,436	1.02
375,289	0.99	375,289	0.99
263,585	0.69	263,585	0.70
256,186	0.67	256,186	0.68
266,292	0.70	266,292	0.70
219,458	0.58	219,458	0.58
135,329	0.36	135,329	0.36
26,626	0.07	26,626	0.07
445,882	1.17	445,882	1.18
236,539	0.62		-
38,027,493	**100**	**37,790,954**	**100**

BFCM's business covers the following main areas:

- as the holding company for the CM11 group it holds investments in banking and finance, insurance, real estate, and technology;
- financial management, treasury and refinancing services for the group;
- lending, financial structuring, cash management and trading room for a customer base of major corporates and institutional investors.

BFCM is a subsidiary of the CM11 group, which comprises Caisse de Crédit Mutuel Centre Est Europe, Caisse de Crédit Mutuel Sud-Est, Caisse de Crédit Mutuel Ile-de-France, Caisse de Crédit Mutuel Savoie-Mont Blanc, Caisse de Crédit Mutuel Midi-Atlantique, Caisse de Crédit Mutuel Loire-Atlantique et Centre-Ouest, Caisse de Crédit Mutuel Centre, Caisse de Crédit Mutuel Normandie, Caisse de Crédit Mutuel Dauphiné-Vivarais, Caisse de Crédit Mutuel Méditerranée and Caisse de Crédit Mutuel d'Anjou, Caisse fédérale de Crédit Mutuel (the joint federation), and its other main subsidiaries: ACM, BECM, the IT subsidiaries, CIC, Targobank (Germany and Spain), Cofidis, and CIC Iberbanco.

As of December 31, 2014, with total consolidated assets of €543.7 billion, the CM11 group had €551.4 billion in savings in custody or under management, of which €235.8 billion in deposits, €243.1 billion in bank savings products, and €72.4 billion in insurance products. Total lending stood at €287.2 billion.

Its equity amounted to €34.9 billion and its Common Equity Tier 1 solvency ratio to 14.5%. As far as measures to prevent abusive control are concerned, we would point out that all transactions between BFCM and CIC are conducted at market prices, and the only regulated agreements between BFCM and CIC concern the optimization of the group's refinancing.

In addition to the chairman of the board of directors of CIC, who is also the chairman of the board of directors of BFCM, and the chief executive officer of CIC, who is also chief executive officer of BFCM, BFCM has a seat on the board of directors of CIC, which consists of ten directors appointed by the general meeting of stockholders and two directors elected by employees.

MARKET FOR THE COMPANY'S STOCK

Stock

CIC stock has been listed on the Paris stock exchange since June 18, 1998.
CIC's bylaws do not contain any clauses restricting the sale of these stock units. However, Article 9 para. 6 of the bylaws requires stockholders to declare any interest of 0.5% or more of the capital.

The combined annual general meeting of stockholders of May 22, 2014, in its eighth resolution, renewed until October 31, 2015 the authorization given to an investment services provider to trade on the stock market in the context of a liquidity agreement.
Within the framework of this agreement, in 2014 CIC:
- acquired 34,950 stock units at an average unit price of €157.90;
- sold 31,832 stock units at an average unit price of €157.29;
- held 6,798 CIC stock units at a stock market price of €155 as at December 31, 2014, i.e. 0.018% of the capital.

These stock units are held solely in the context of the liquidity agreement, and will not be cancelled. The amount of trading fees corresponds to the investment services provider's invoice.
The ordinary general meeting of stockholders called for May 27, 2015 will be asked to renew this authorization.
There are no particular rights, privileges or restrictions attached to the stock units issued by the company.

Market data – CIC stock units

	Number of stock units traded	Monthly volumes € millions	Highest and lowest prices low (€)	high (€)
January 2013	22,606	2.463	105.00	113.00
February 2013	16,738	1.823	107.30	113.90
March 2013	24,912	2.863	109.00	118.40
April 2013	8,028	0.916	113.00	114.95
May 2013	33,324	3.860	110.00	119.20
June 2013	15,762	1.774	109.60	113.70
July 2013	7,727	0.866	109.50	114.50
August 2013	27,356	3.240	114.60	124.00
September 2013	18,489	2.356	121.00	133.95
October 2013	15,620	2.145	130.50	142.80
November 2013	10,565	1.528	141.30	148.80
December 2013	11,898	1.728	143.90	148.30
January 2014	16,869	2.711	148.25	167.00
February 2014	11,355	1.846	159.25	165.00
March 2014	10,829	1.777	162.6	166.00
April 2014	4,653	0.754	159.95	163.85
May 2014	8,473	1.377	156.50	166.00
June 2014	8,190	1.287	150.00	159.20
July 2014	9,297	1.406	145.00	155.85
August 2014	14,133	2.130	148.60	154.80
September 2014	15,827	2.520	154.80	165.50
October 2014	11,378	1.789	149.00	164.90
November 2014	7,007	1.092	151.05	158.00
December 2014	9,838	1.526	154.00	158.00
January 2015	7,865	1.251	154.50	164.90
February 2015	8,444	1.454	162.00	192.70
March 2015	6,530	1.217	183.05	190.00

Stock performance

While the Paris stock market was slightly down in 2014, the CIC share price rose by 4.5% to €155 at December 31, 2014 compared with €148.3 at December 31, 2013.
After starting the year at €150 on January 2, 2014, the share fluctuated significantly, closing at a high of €167 on January 16, 2014 and a low on August 8 of €148.80.

The average price for the year was €158.063.
In 2014, 127,849 stock units were traded on the Paris stock exchange, for an amount of €20.2 million.

CIC stock price 2004-2014

Dividends and dividend policy

Outstanding stocks and securities

	2010	2011	2012	2013	2014
Number of stock units	38,027,493	38,027,493	38,027,493	38,027,493	38,027,493
Net dividend on stock units (in €)	8.80	6.50	7.50	7.00	8.00
TOTAL DIVIDEND PAYOUT (IN € MILLIONS)	**335**	**247**	**285**	**266**	**304**
Consolidated net income attributable to equity holders of the parent company (in € millions)	1,115	555	698	845	1,116
Payout ratio	30%	45%	41%	32%	27%

The capital stock is divided into 38,027,493 stock units, including 236,539 treasury stock units. The dividends allocated to treasury stock are recognized directly under "retained earnings."

... Dividends and dividend policy

Non-voting loan stock

The non-voting loan stock issued in 1985 by Compagnie Financière de Crédit Industriel et Commercial, which has since become Crédit Industriel et Commercial, entitles holders to an annual coupon made up of fixed and variable components.

This coupon, payable on May 28 of each year, cannot be less than 85% or more than 130% of the average (TAM + TMO /2), where TAM is the annual monetary reference rate and TMO is the fixed-rate bond index.

- The fixed-rate bond index (TMO) is the arithmetic mean of the monthly average yields on the settlement dates for subscriptions of government-guaranteed bonds and equivalents. It is established by France's National Institute of Statistics and Economic Studies (INSEE) for the period from April 1 to March 31 prior to each maturity date.
- The annual monetary reference rate (TAM) is the compound yield that would be earned on a monthly investment reinvested at the end of each month at the average monthly money market rate during the twelve months up to but not including March.

Since January 1, 1999, this rate has been calculated by compounding the EONIA (Euro Overnight Index Average) instead of the average monthly money market rate.

The fixed component of the coupon is 40% of the annual monetary reference rate (TAM), as defined above. The variable component is 43% of this same annual monetary reference rate (TAM), multiplied by the "participation ratio" (PR).

The participation ratio used to calculate the variable component of the coupon due in May 2015 – PR 2015 – is equal to:

$$\text{PR 2014} \times \frac{\text{2014 income as defined in the issue contract}}{\text{2013 income as defined in the issue contract}}$$

The contract stipulates that consolidated income be adjusted for changes in equity, changes in the CIC consolidation scope and changes in consolidation methods.

CIC's adjusted net income for 2014, as determined by applying identical accounting procedures and consolidation methods at constant scope, amounted to €1,055,320 thousand as against €857,283 thousand for 2013.

The PR 2015 is therefore equal to:

$$\text{PR 2014} \times \frac{\text{€1,055,320 thousand}}{\text{€857,283 thousand}}$$

i.e. 13.369 x 1.23101 = 16.457.

Coupon

The coupon rate calculated from the income shown above, including both the fixed and variable components, came to 0.310%, which is below the floor provided for in the issue contract.

Consequently, under the terms of the issue contract, the coupon rate paid to holders of non-voting loan stock in May 2015 will be 85% of (TAM +TMO)/2.

The coupon rate will be 0.651% on the basis of a TAM of 0.0414% and an average TMO of 1.4900%. This means that the gross coupon due in May 2015 will amount to €0.99 for each stock unit with a face value of €152.45.

Coupon payments since 2011 (year paid)

	PR	TAM%	TMO%	Coupon rate%	Gross coupon
2011	18.355	0.5187	3.3967	2.545	€3.88
2012	9.139	0.8126	3.4408	2.765	€4.21
2013	11.439	0.1578	2.5642	1.157	€1.76
2014	13.369	0.1212	2.4758	1.104	€1.68
2015	16.457	0.0414	1.4900	0.651	€0.99

Non-voting loan stock price movements since 2010

	High €	Low €	Close €
2010	154.00	137.00	141.75
2011	147.00	138.00	140.00
2012	150.00	139.50	145.10
2013	150.00	139.97	148.00
2014	148.00	140.00	147.45

On October 18, 1999, CIC non-voting loan stock with a face value of FRF 1,000 was converted into stock with a face value of €152.45.

STATUTORY AUDITORS' REPORT

on the interest payable on non-voting loan stock

Year ended December 31, 2014

To the holders of CIC non-voting loan stock,

In our capacity as Statutory Auditors of CIC, and pursuant to Article L.228-37 of the French Commercial Code, we present below our report on the data used to determine interest payable on non-voting loan stock.

On April 21, 2015, we prepared our reports on the company's financial statements and on the consolidated financial statements for the year ended December 31, 2014.

The data used to calculate the interest payable on non-voting loan stock were determined by the company's senior executives. It is our responsibility to comment on their conformity with the issue agreement and their consistency with CIC's annual financial statements.

The data used in the calculations, as disclosed to us, provided for at the time of issue of non-voting loan stock in May 1985, are as follows:

The annual interest is determined as follows and includes:

• a component equal to 40% of the annual monetary reference rate or "TAM", and
• a component equal to 43% of the TAM multiplied by a participation ratio (PR) which, for the interest due on May 28, 2015, is as follows:

$$\text{PR 2014} = \text{PR 2013} \times \frac{\text{2014 adjusted consolidated net income}}{\text{2013 adjusted consolidated net income}}$$

The issue agreement sets a cap and a floor on interest payments, as follows:

• floor: 85% x (TAM + fixed-rate bond index or "TMO")/2;
• cap: 130% x (TAM + TMO)/2.

The agreement further stipulates that the participation ratio (PR) corresponding to the ratio between the 2014 and the 2013 consolidated net income will be adjusted to take into account changes in equity, group structure or consolidation methods between the two years.

Since 2005, CIC has published its financial statements under IFRS. In accordance with the resolution submitted for your approval, the calculation of interest is based on net income attributable to equity holders of the parent company for 2013 and 2014, as determined by applying the same accounting procedures and consolidation methods based on comparable group structure and comparable equity, giving a participation ratio (PR) of 16.457 for 2014 as against 13.369 for 2013.

The interest rate obtained by applying the above formula comes to 0.31% before application of the floor and cap rates, which are 0.65% and 1.00% respectively.

Therefore, in accordance with the provisions of the issue agreement, the gross interest paid in 2015 in respect of 2014 will amount to €0.99 per stock unit.

We carried out the work we considered necessary in accordance with the auditing standards applicable to this type of assignment. These standards require that we carry out the necessary procedures to verify the conformity and consistency of the data used to calculate the interest due on non-voting loan stock with the issue agreement and the audited annual and consolidated financial statements.

We have no matters to report concerning the conformity and consistency of the data used to calculate the interest due on non-voting loan stock.

Neuilly-sur-Seine and Paris-La Défense,
April 21, 2015

The Statutory Auditors

PricewaterhouseCoopers Audit	Ernst & Young et Autres
Agnès Hussherr Jacques Lévi	Olivier Durand

Corporate governance

2

BOARD OF DIRECTORS

Members appointed by the general meeting of stockholders:

Nicolas Théry
Chairman of the board of directors
Chairman of Caisse fédérale de Crédit Mutuel
and of Banque Fédérative du Crédit Mutuel

Catherine Allonas Barthe
Chief executive officer, ACM Vie Sam

Banque Fédérative du Crédit Mutuel
represented by **Jacques Humbert** – Vice-chairman

Caisse Centrale du Crédit Mutuel
represented by **Luc Cortot** – Director

Maurice Corgini
Director of Crédit Mutuel Centre Est Europe

Jean-François Jouffray
Vice-chairman of Crédit Mutuel Ile-de-France

Monique Leroux
Chairman and CEO of Mouvement Desjardins (Canada)

Daniel Leroyer
Chairman of Crédit Mutuel Maine-Anjou, Basse-Normandie

Michel Lucas
Chairman of Confédération nationale du Crédit Mutuel
and of Fédération du Crédit Mutuel Centre Est Europe

Philippe Vasseur
Chairman of Crédit Mutuel Nord Europe

Members elected by employees:

Nathalie Jolivet
Customer services technician at CIC Ouest

William Paillet
Private banking account executive at CIC Est

Non-voting members:

Luc Chambaud
CEO of Crédit Mutuel Normandie

Gérard Cormorèche
Chairman of Crédit Mutuel du Sud-Est

François Duret
Chairman of Crédit Mutuel du Centre

Lucien Miara
Chairman of Crédit Mutuel Méditerranéen

Albert Peccoux
Chairman of Crédit Mutuel Savoie-Mont Blanc

The following also attend board meetings:

Alain Fradin
Chief executive officer of CIC

Daniel Baal
Deputy chief operating officer of CIC

Philippe Vidal
Deputy chief operating officer of CIC

Gilles Le Noc
CIC company secretary, secretary to the board of directors

Gérard Fubiani
CIC works council representative

Nicolas Théry
Chairman
of the board of directors

Alain Fradin
Chief executive officer

Daniel Baal

Philippe Vidal

Deputy chief operating officers

Changes during fiscal year 2014

Several changes occurred in 2014, particularly at the meeting on December 11.

On January 15, Jean-Louis Girodot resigned his office as director and as chairman of the compensation committee. At its meeting on February 27, the board of directors temporarily appointed Jean-François Jouffray to replace him. This appointment was ratified by the ordinary general meeting of stockholders on May 22.

On May 27, Pierre Filliger resigned as non-voting member. The board of directors, meeting on July 31, appointed Lucien Miara as the new non-voting member.

Following the death on June 17 of Cédric Jolly, director representing the employees, Nathalie Jolivet, elected his deputy at the October 2011 elections, became director representing the employees with immediate effect.

On November 12, Caisse centrale du Crédit Mutuel appointed Luc Cortot to replace Jean-Luc Menet as its permanent representative on the board.

On November 20, Joseph Arenas resigned as director. Based on the proposal made by the appointments committee meeting of December 3, the board of directors, meeting on December 11, temporarily appointed Nicolas Théry to replace him. This appointment is subject to ratification by the combined general meeting of stockholders on May 27, 2015.

At the same meeting, the board of directors took note of Michel Lucas' resignation from his offices as chairman of the board of directors and chief executive officer. The board also decided, in accordance with regulatory and statutory provisions, to opt for segregation of the functions of chairman of the board and of chief executive officer.

On the proposal of Michel Lucas, the board appointed Nicolas Théry as chairman of the board and appointed Alain Fradin as chief executive officer.

On the chief executive officer's proposal, the board appointed Daniel Baal and Philippe Vidal, the deputy chief operating officers, as the effective managers ("dirigeants effectifs") of CIC alongside Alain Fradin.

Composition of the board of directors

This is governed by Article 10 of the company's bylaws.
The company is administered by a board of directors composed of no fewer than nine members and no more than eighteen members appointed by the general meeting of stockholders.
The board of directors also includes two directors elected by employees, one of whom represents the executives as defined in the banks' collective labor agreement and the other the remaining employees.
The directors elected by employees can only be natural persons. The other directors can be either natural or legal persons.
The age limit is 70. This is applied such that no-one over the age of 70 can be appointed if this has the effect of bringing the number of members over 70 to more than one third of the total number of members.
The term of office for directors is six years and they retire by rotation, one third every two years. With this in mind, the term of office of the first directors appointed by the general meeting of stockholders of May 19, 2011 is two, four or six years. The terms of office of members other than those elected by the employees expire upon the adjournment of the ordinary general meeting of stockholders ratifying the financial statements of the financial year last ended and held during the year in which their term of office expires. The term of office of members elected by employees expires on the sixth anniversary of their election.
Non-voting board members are appointed for six years and attend board meetings in a consultative capacity.
A meeting of the board of directors on December 11, 2014 appointed Nicolas Théry as chairman of the board. This appointment was made for the duration of his term of office.
The dates of first appointment and terms of office of members of the board of directors are shown in a summary table on the next page.

Other corporate officers: general management

The board of directors, meeting on December 11, 2014, decided to opt for segregation of the functions of chairman and chief executive officer and appointed Alain Fradin as chief executive officer.
The chief executive officer and Daniel Baal and Philippe Vidal, deputy chief operating officers who are not corporate officers, have been designated as the effective managers of CIC with regard to the French Monetary and Financial Code.
The workings of general management are governed by Article 12 of the company's bylaws, which do not add anything to the provisions of the law.
The board of directors has not set limits to the powers of the chief executive officer, other than those prescribed by law and the powers specific to the board of directors and the general meeting of stockholders.

Information concerning members of the board of directors and general management

Relations with the business

To the best of CIC's knowledge, there are no conflicts of interest between the obligations of the members of the board of directors or general management toward CIC and their personal interests or other obligations.
No arrangements or agreements have been entered into with the main stockholders, customers, suppliers or others pursuant to which a member of the board of directors or general management has been appointed.
There are no service agreements linking members of the board of directors or general management with any of the group's companies. In particular, Banque Fédérative du Crédit Mutuel, which controls CIC and holds a seat on its board of directors, does not receive any management fees.
To the best of CIC's knowledge, there are no family relationships between members of the board of directors and general management.
Members of the board of directors and general management are reminded on a regular basis of the rules applicable to persons holding inside information. They are also informed that they must disclose any trading in CIC stock units on the stock exchange by them or persons closely linked to them to the AMF (French financial markets authority) and to CIC.
No such transactions have been reported.

The members of general management and the board of directors have each declared that:

1°. they have not, during the past five years, been:
- convicted of fraud,
- associated with the bankruptcy, receivership or liquidation of a legal entity in which they were a member of a management or governing body or of which they were the chief executive officer,
- subject to disciplinary sanctions imposed by the administrative bodies responsible for supervising CIC,
- subject to an administrative or court order which prevents them from acting as members of an administrative, management or supervisory body or from participating in the management or operations of a company;

2°. there are no potential conflicts of interest between their obligations toward CIC and their own personal interests;

3°. they have not, either directly or through a third party, entered into an arrangement or agreement with any of the main stockholders, customers, suppliers or subsidiaries of CIC pursuant to which they are granted special benefits by virtue of their position in CIC.

The originals of these declarations are held in the company secretary's office.

Summary table, group management

	Date of 1st appointment	Date of expiry of current term of office Main position held	Main position held within the company	Main positions held outside the company[1]
Board of directors				
Nicolas Théry	December 11, 2014	AGM ratifying the financial statements for 2018	Chairman of the board	Chairman of Caisse fédérale de CM and BFCM
Catherine Allonas Barthe	May 19, 2011	AGM ratifying the financial statements for 2016	Member of the board	Chief executive officer of ACM Vie Sam
Maurice Corgini	May 19, 2011	AGM ratifying the financial statements for 2014	Member of the board	Director, CM Centre Est Europe
Luc Cortot (representing CCCM)	November 12, 2014	AGM ratifying the financial statements for 2018	Member of the board	Chief executive officer, CM Océan, Director of CCCM
Jean-François Jouffray	February 27, 2014	AGM ratifying the financial statements for 2014	Member of the board	Vice-chairman, CM Ile-de-France
Jacques Humbert (representing BFCM)	May 19, 2011	AGM ratifying the financial statements for 2016	Member of the board	Vice-chairman, BFCM
Monique Leroux	May 23, 2013	AGM ratifying the financial statements for 2018	Member of the board	Chairman and CEO of Desjardins Group (Canada)
Daniel Leroyer	May 19, 2011	AGM ratifying the financial statements for 2018	Member of the board	Chairman, CM Maine-Anjou, Basse-Normandie
Michel Lucas	May 19, 2011	AGM ratifying the financial statements for 2016	Member of the board	Chairman, Confédération Nationale du CM and Féderation du CM Centre Est Europe
Philippe Vasseur	May 19, 2011	AGM ratifying the financial statements for 2014	Member of the board	Chairman, CM Nord-Europe
Nathalie Jolivet	June 18, 2014	October 26, 2017	Employee, CIC Ouest	
William Paillet	October 26, 2011	October 26, 2017	Employee, CIC Est	
General management				
Alain Fradin	December 11, 2014	unlimited duration	Chief executive officer	Chief executive officer, Confédération Nationale du CM, CM Centre Est Europe and BFCM

CM: Crédit Mutuel – BFCM: Banque Fédérative du Crédit Mutuel – CCCM: Caisse centrale du Crédit Mutuel.
(1) The other positions and functions are listed below.

... Information concerning members of the board of directors and general management

Executives' terms of office

Board of directors

Nicolas Théry

Born December 22, 1965, Lille

Business address: Crédit Industriel et Commercial 6 avenue de Provence - 75009 Paris	Term of office started	Term of office expires
Chairman of the board of directors of CIC	Dec. 11, 2014	2019

Other positions held

Chairman-Chief Executive Officer:		
Banque CIC Est	Sept. 13, 2012	2019
Chairman of the board of directors:		
Caisse fédérale de Crédit Mutuel	Nov. 14, 2014	2016
Banque Fédérative du Crédit Mutuel	Nov. 14, 2014	2017
Groupe des Assurances du Crédit Mutuel	Oct. 14, 2014	2017
Assurances du Crédit Mutuel Vie SA	Oct. 14, 2014	2017
Assurances du Crédit Mutuel Iard SA	Oct. 14, 2014	2017
Assurances du Crédit Mutuel Vie Sam	Oct. 14, 2014	2017
Chairman of the supervisory board:		
Banque Européenne du Crédit Mutuel	Nov. 14, 2014	2016
Director:		
Targobank Spain	Nov. 11, 2011	2017
Confédération nationale du Crédit Mutuel	Mar. 6, 2013	2016
Caisse de Crédit Mutuel Strasbourg Vosges	Mar. 5, 2014	2015
Member of the supervisory board:		
Cofidis	Oct. 14, 2011	2015
Cofidis Participations	Oct. 14, 2011	2015
CM-CIC Services	May 7, 2014	2020
Member of the management committee:		
Euro Information SAS	May 7, 2014	2020
Euro Protection Surveillance	Dec. 18, 2012	2018
Permanent representative:		
GACM (Director RMA Watanya)	Nov. 8, 2011	2017
GACM (Supervisory board Eurafric Information)	Dec. 12, 2011	2016
BECM (Director Fédération du Crédit Mutuel Centre Est Europe)	Apr. 5, 2013	unlimited

Positions held in the past five fiscal years

Deputy chief operating officer:		
Caisse fédérale de Crédit Mutuel	July 1, 2011	2014
Banque Fédérative du Crédit Mutuel	July 1, 2011	2014
Groupe des Assurances du Crédit Mutuel	Sept. 6, 2011	2014
Director:		
Banque Publique d'Investissement	Feb. 18, 2013	2014
Permanent representative:		
GACM on the board of directors of ACM Iard SA	2013	2014

Catherine Allonas Barthe

Born January 18, 1955, Strasbourg

Business address: ACM 42 rue des Mathurins - 75008 Paris	Term of office started	Term of office expires
Director	May 19, 2011	2017

Other positions held

Chairman:		
Massena Property SAS	Aug. 31, 2009	2019
CEO:		
ACM Vie Sam	Jan. 1, 2006	unlimited
Deputy chief operating officer:		
Assurances du Crédit Mutuel	Sept. 1, 2011	unlimited
Manager:		
SCI ACM	Sept. 1, 2012	unlimited
Permanent representative:		
ACM Vie Sam (director of GIE ACM)	Jan. 1, 2006	2019
ACM Vie SA (director of Valinvest Gestion)	2008	2016
ACM Vie SA (director of Serenis Assurances)	Dec. 31, 2007	2020
ACM Vie SA (director of Foncière des régions)	2009	2015
ACM Vie Sam (director of de Foncière de Paris)	2014	2017
ADEPI (director of CM-CIC Asset Management)	2014	2019

Positions held in the past five fiscal years

Permanent representative:		
Pargestion 2 (director CM-CIC Asset Management)	Dec. 11, 2013	2014
ACM Vie Sam (member of the supervisory board of CM-CIC Asset Management)	Jan. 1, 2006	2013

Banque Fédérative du Crédit Mutuel

34 rue du Wacken 67000 Strasbourg	Term of office started	Term of office expires
Director	May 19, 2011	2017

Other positions held

Chairman:		
CM-CIC Immobilier	June 5, 2012	2017
Bischenberg	Sept. 30, 2004	2015
Director:		
Assurances du Crédit Mutuel SAM	May 4, 2005	2015
Assurances du Crédit Mutuel Vie SA	May 4, 2005	2017
Assurances du Crédit Mutuel Iard SA	May 4, 2005	2017
Banque de Tunisie	May 26, 2009	2015
Caisse de refinancement de l'habitat	Oct. 12, 2007	2019
CM-CIC Épargne Salariale	May 21, 2008	2020
CM-CIC Securities	Dec. 31, 1999	2017
CM-CIC SCPI Gestion	Jan. 30, 1990	2020
CM-CIC Home Loan SFH	Apr. 16, 2007	2018
Crédit Mutuel Cartes de Paiements	March 17, 1983	2015
Critel	Nov. 24, 1989	2020
Fédération du Crédit Mutuel Centre Est Europe	Sept. 29, 1992	unlimited
Groupe des Assurances du Crédit Mutuel	Feb. 4, 2011	2017
Groupe Sofemo	Nov. 19, 1986	2020
SAEM Mirabelle TV	Nov. 30, 2009	2020
SAEM Locusem	Dec. 16, 2010	2015
SEM CAEB - Bischheim	Nov. 27, 1997	2015
SEM Caleo - Guebwiller	June 24, 2005	2017
SEM pour la promotion de la ZAC Forbach Sud (banking pool)	Feb. 24, 1989	2017
SEM Semibi Biesheim	Nov. 14, 1984	2015
Sibar	May 27, 1999	2015
Société fermière de la maison de L'Alsace	Jan. 1, 1977	2016

Société française d'édition de journaux et d'imprimés commerciaux « L'Alsace »	June 2, 2004	2016
Ventadour Investissement	May 24, 1991	2018
Member of the supervisory board:		
Batigère	March 22, 1996	2014
SAEM Mulhouse Expo	Feb. 16, 2005	2016
Société d'études et de réalisation pour les équipements collectifs (Soderec)	May 30, 1978	2020
STET - Systèmes technologiques d'échanges et de traitements	Dec. 8, 2004	NC
Adviser to management:		
Sofedis	Nov. 24, 1994	2020
Euro Information	June 14, 2002	2020
Euro Protection Surveillance	June 27, 1992	2020
Euro TVS	Nov. 27, 1979	2020
Euro Information Direct Service	June 14, 2002	2020
Boréal	Jan. 25, 1991	2020
Non-voting board member:		
SAFER d'Alsace	May 30, 2006	unlimited
SEM E Puissance 3 - Schiltigheim	March 7, 1991	2014

Positions held in the past five fiscal years

Director:		
CM-CIC Participations immobilières	Sept. 17, 1981	2012
CM-CIC Aménagements Fonciers	April 23, 1981	2012
Caisse centrale du Crédit Mutuel	Sept. 17, 1969	2012
Crédit Mutuel Paiements Electroniques	March 19, 2003	2012
Institut Lorrain de Participations	May 30, 1997	2010
SA d'HLM habitat des salariés d'Alsace	May 4, 2005	2010
UES Pact Arim	Nov. 17, 1994	2010
CM-CIC Covered Bonds (now CM-CIC Home Loan SFH)	April 16, 2007	2011
SEM Patinoire Les Pins	Oct. 1, 1990	2010
SEM Action 70	Oct. 1, 1990	2013
Crédit Mutuel Habitat Gestion	March 20, 1990	2014
SEM Destination 70	Oct. 1, 1990	2014
SEM Euro Moselle Développement	March 15, 1991	2014
SEM Nautiland	May 25, 1987	2014
Member of the supervisory board:		
SCPI Finance Habitat 1	April 29, 1998	2010
SCPI Finance Habitat 2	June 18, 1997	2010
Crédit Industriel et Commercial	June 17, 1998	2011
CM-CIC Asset Management	Dec. 31, 2004	2013

Jacques Humbert

Born July 7, 1942, Patay

Business address: Fédération du Crédit Mutuel Centre Est Europe 34 rue du Wacken - 67000 Strasbourg	Term of office started	Term of office expires
Representative of Banque Fédérative du Crédit Mutuel, director	May 19, 2011	2017

Other positions held

Chairman:		
Union des Caisses de Crédit Mutuel du District de Mulhouse	2002	2018
Vice-chairman of the board of directors:		
Banque Fédérative du Crédit Mutuel	Dec. 13, 2002	2015
Director:		
Caisse de Crédit Mutuel de la Doller	1982	2016
Caisse fédérale de Crédit Mutuel	Dec. 13, 2002	2015
Fédération du Crédit Mutuel Centre Est Europe	Dec. 9, 2006	2018
Société française d'édition de journaux et d'imprimés commerciaux L'Alsace	May 31, 2006	2018
Permanent representative:		
ADEPI (director of GACM)	May 11, 2011	2016

Positions held in the past five fiscal years

Chairman of the board of directors:		
Caisse de Crédit Mutuel de la Doller	1982	2013

Caisse centrale du Crédit Mutuel

88-90 rue Cardinet 75017 Paris	Term of office started	Term of office expires
Director	May 19, 2011	2019

Other positions held

Member of the supervisory board:		
Soderec	April 19, 1978	2020
La Française real estate managers (formerly UFG Rem)	Jan. 1, 2008	2016
Director:		
Centre International du Crédit Mutuel	May 22, 1984	2016
C.M.C.P.	May 16, 1983	2015
Crédit Logement	July 6, 1999	2015
CRH	April 10, 1990	2015
CM-CIC Factor	Nov. 22, 1999	2017
France Active Garantie	July 4, 1995	2016
Ides Investissements	Aug. 12, 1983	2016
Le Chèque Domicile	Dec. 20, 2011	2017
Maison Europe des coopératives	Feb. 5, 2008	2015
SGFGAS	March 24, 1993	2020
Non-voting board member:		
SIAGI	May 12, 2005	2015

Positions held in the past five fiscal years

Member of the supervisory board:		
CM-CIC Asset Management	Dec. 30, 1997	2013
Director:		
C.M.P.E.	March 19, 2003	2012
Codles		2010
Crédit Mutuel Habitat Gestion	Jan. 13, 1987	2014

Luc Cortot

Born January 21, 1953, Meaux

Business address: Crédit Mutuel Océan 34 rue Léandre-Merlet 85001 La Roche-sur-Yon Cedex 27	Term of office started	Term of office expires
Representative of Caisse centrale du Crédit Mutuel, Director	Nov. 12, 2014	2019

Other positions held

CEO:		
Fédération du Crédit Mutuel Océan	Oct. 1, 2014	unlimited
Caisse fédérale du Crédit Mutuel Océan	Oct. 1, 2014	unlimited
Caisse Crédit Mutuel Océan Agri	Sept. 11, 2014	unlimited
Director:		
SAS Océan Participations	Nov. 20, 2014	2016
Confédération nationale du Crédit Mutuel	Nov. 12, 2014	2016
Permanent representative:		
Caisse fédérale du Crédit Mutuel Océan (Chairman SAS Antema)	Sept. 25, 2014	2015
Caisse fédérale du Crédit Mutuel Océan (Director SAS Volney Développement)	Sept. 25, 2014	2015
Caisse fédérale du Crédit Mutuel Océan (member of the supervisory board of SAS Euro Information)	Sept. 25, 2014	2015
Caisse fédérale du Crédit Mutuel Océan (Director of SA ACM Iard)	Sept. 25, 2014	2015
Caisse fédérale du Crédit Mutuel Océan (Director of Caisse centrale du Crédit Mutuel)	Sept. 25, 2014	2019

... Information concerning members of the board of directors and general management

Caisse fédérale du Crédit Mutuel Océan (Director of SAS Crédit Mutuel Cartes de Paiement)	Sept. 25, 2014	2015
Caisse fédérale du Crédit Mutuel Océan (member of the supervisory board of CM-CIC Asset Management)	Sept. 25, 2014	2016

Positions held in the past five fiscal years

Manager:	
SARL Océan Transactions	2014
SCI Merlet Immobilier	2014

Maurice Corgini

Born September 27, 1942, Baume-les-Dames

Business address: Fédération du Crédit Mutuel Centre Est Europe 34 rue du Wacken - 67000 Strasbourg	Term of office started	Term of office expires
Director	May 19, 2011	2015

Other positions held

Chairman of the board of directors:		
Union des Caisses de Crédit Mutuel du district de Franche-Comté Sud	April 20, 1995	2018
Director:		
Caisse de Crédit Mutuel de Baume-Valdahon-Rougemont	May 10, 1981	2016
Fédération du Crédit Mutuel Centre Est Europe	April 20, 1995	2018
Banque Fédérative du Crédit Mutuel	June 22, 1995	2015
Caisse Agricole Crédit Mutuel	Feb. 20, 2004	2020
Co-manager:		
Cogit'Hommes Franche-Comté	March 1, 2005	unlimited

Positions held in the past five fiscal years

Member of the supervisory board:		
Crédit Industriel et Commercial	June 17, 1998	2011
Chairman of the board of directors:		
Caisse de Crédit Mutuel de Baume-Valdahon-Rougemont	May 10, 1981	2012

Jean-François Jouffray

Born June 18, 1948, Jallieu

Business address: Crédit Mutuel Ile-de-France 18 rue de la Rochefoucauld 75439 Paris Cedex 09	Term of office started	Term of office expires
Director	Feb. 27, 2014	2015

Other positions held

Chairman of the board of directors:		
Caisse de Crédit Mutuel Paris Champs de Mars	1995	2015
Vice-chairman:		
Fédération du Crédit Mutuel Île-de-France	1998	2015
Director:		
Compagnie générale maritime et financière	2011	2017
Caisse maritime d'allocations familiales	2011	2017
Association des utilisateurs de transport de fret (Autf)	2013	2019
Non-voting board member:		
Caisse fédérale de Crédit Mutuel	2004	2017

Positions held in the past five fiscal years

None

Monique F. Leroux

Born August 11, 1954, Montreal (Canada)

Business address: Mouvement des Caisses Desjardins Tour Sud, 40e étage 1 Complexe Desjardins Montreal (Quebec) H5B 1B2 - Canada	Term of office started	Term of office expires
Director	May 23, 2013	2019

Other positions held

Chairman and CEO:		
Mouvement des Caisses Desjardins	March 29, 2008	2016
CEO:		
Desjardins sécurité financière	March 29, 2008	2016
Desjardins groupe d'assurances générales	March 29, 2008	2016
Chairman of the board of directors:		
Fédération des Caisses Desjardins du Québec/ Mouvement des Caisses Desjardins	March 29, 2008	2016
Caisse centrale Desjardins	March 29, 2008	2016
Fiducie Desjardins	March 29, 2008	2016
Desjardins société financière	March 29, 2008	2016
Capital Desjardins Inc.	March 29, 2008	2016
Conseil québécois de la coopération et de la mutualité	March 12, 2012	2015
Director:		
Coopératives et mutuelles du Canada	June 27, 2013	2016
Alliance coopérative internationale (ACI)	Nov. 4, 2013	2017
Vice-chairman of the executive committee and member of the board of directors:		
Confédération internationale des Banques Populaires	Jan. 1, 2010	2017
Member of the executive committee and member of the board of directors:		
Groupement européen des banques coopératives	Jan. 1, 2009	2017

Positions held in the past five fiscal years

Director:		
Conference Board du Canada	Jan. 1, 2010	2014

Daniel Leroyer

Born April 15, 1951, Saint-Siméon

Business address: Crédit Mutuel Maine-Anjou, Basse-Normandie 43 boulevard Volney 53083 Laval Cedex 9	Term of office started	Term of office expires
Director	May 19, 2011	2019

Other positions held

Chairman of the board of directors:		
Fédération du Crédit Mutuel de Maine-Anjou, Basse-Normandie	2003	2018
Caisse Fédérale du Crédit Mutuel de Maine-Anjou et Basse-Normandie	2003	2016
Caisse générale de financement (CAGEFI)	2003	2015
Créavenir (Association)	2004	2018
Caisse de Crédit Mutuel du pays Fertois	1998	2015
Caisse de Crédit Mutuel solidaire de Maine-Anjou, Basse-Normandie	2007	2015
Vice-chairman of the supervisory board:		
Soderec	2012	2020
Director:		
SAS Assurances du Crédit Mutuel Maine-Anjou-Normandie (ACMAN)	2002	2020
Confédération nationale du Crédit Mutuel	2003	2019
Volney Bocage SAS	2012	2015

Member of the executive committee:		
Fondation du Crédit Mutuel	2009	2015
Permanent representative:		
Fédération du Crédit Mutuel de Maine-Anjou et Basse-Normandie (Vice-chairman of Centre international du Crédit Mutuel)	2012	2016
Fédération du Crédit Mutuel de Maine-Anjou et Basse-Normandie (Chairman Volney événements (Association)	2013	2016
Caisse fédérale du Crédit Mutuel de Maine-Anjou et Basse-Normandie (Director SAS Volney Développement)	1999	n/a
Caisse fédérale du Crédit Mutuel de Maine-Anjou et Basse-Normandie (Director Assurances du Crédit Mutuel Iard SA	2012	2017
Caisse fédérale du Crédit Mutuel de Maine-Anjou et Basse-Normandie (Director Banque Fédérative du Crédit Mutuel	2011	2015

Positions held in the past five fiscal years

Chairman of the board of directors:		
Crédit Mutuel Solidaire de Maine-Anjou, Basse-Normandie (Association)	2007	2010
Member of the supervisory board:		
Société de réassurance lavalloise (Socreal) SA	1998	2010
Permanent representative:		
Caisse fédérale du Crédit Mutuel de Maine-Anjou et Basse-Normandie (Director Groupe des Assurances du Crédit Mutuel - GACM)	2005	2012
Fédération du Crédit Mutuel de Maine-Anjou et Basse-Normandie (Director GIE Cloe Services)	2003	2014

Michel Lucas

Born May 04, 1939, Lorient

Business address: Crédit Industriel et Commercial 6 avenue de Provence - 75009 Paris	Term of office started	Term of office expires
Director	May 19, 2011	2017

Other positions held

Chairman of the board of directors:		
Confédération nationale du Crédit Mutuel	Oct. 13, 2010	2015
Fédération du Crédit Mutuel Centre Est Europe	Oct. 22, 2010	unlimited
Républicain Lorrain	June 30, 2009	2015
Est Républicain	Nov. 4, 2011	2015
Liberté de l'Est	Jan. 5, 2012	2018
Dernières Nouvelles d'Alsace	Nov. 4, 2011	2015
SAP l'Alsace	Feb. 19, 2014	2017
Chairman:		
Crédit Mutuel Cartes de Paiements	May 7, 2003	2015
Europay France	May 28, 2002	2015
EBRA	Dec. 27, 2014	2018
International Information Developments	Feb. 6, 2004	2016
Direct Phone Services	Feb. 6, 2004	2016
Vice-chairman of the supervisory board:		
CIC Iberbanco	June 5,2008	2018
Banque de Luxembourg (Luxembourg)	March 25, 2003	2017
Director:		
Banque Fédérative du Crédit Mutuel	Oct. 22, 2010	2016
Caisse fédérale de Crédit Mutuel	Sept. 24, 2010	2016
ACMN Iard	July 25, 1997	2015
Astree (Tunis)	March 4, 2005	2017
Assurances générales des Caisses Desjardins (Quebec)	May 12, 1993	2016
Banque de Tunisie (Tunis)	March 30, 2004	2015
Banque Marocaine du Commerce Extérieur (Casablanca)	Sept. 17, 2004	2020
Banque Transatlantique Belgium (Brussels)	March 21, 2005	2015
Caisse de Crédit Mutuel "Grand Cronenbourg"	May 11, 1985	2017
Dauphiné Libéré	June 29, 2011	2017
Est Bourgogne Média	Sept. 17, 2012	2018
Le Progrès SA	June 22, 2012	2018
Member of the supervisory board:		
Manufacture Beauvillé	Feb. 14, 2000	2018
CM-CIC Services (GIE)	May 7, 2008	2020
CM-CIC Capital Finance	Feb. 2, 2011	2017
Permanent representative:		
BFCM (member of the management board of Sofédis)	1994	2020
FCMCEE (member of the board of directors of GACM)	Oct. 14, 2014	2017
FCMCEE (member of the management committee of Euro Information)	1981	2020
Euro Information (member of the management committee of Euro Information Développement)	1990	2020
CIC (member of the board of directors of Banque Transatlantique)	Dec. 19, 2000	2018
CIC (member of the board of directors of Lyonnaise de Banque)	July 6, 1999	2019

Positions held in the past five fiscal years

Chairman and chief executive officer:		
Banque Fédérative du Crédit Mutuel	Oct. 22, 2010	2014
Carmen Holding Investissement	Nov. 7, 2008	2014
Crédit Industriel et Commercial	May 19, 2011	2014
Chief executive officer:		
Confédération nationale du Crédit Mutuel	Jan. 21, 1998	2010
Chairman of the executive board:		
CIC	June 17, 1998	2011
Chairman of the board of directors:		
Banco Popular Hipothecario (Targobank Spain)	Oct. 28, 2010	2011
Caisse fédérale de Crédit Mutuel	Sept. 24, 2010	2014
Groupe des Assurances du Crédit Mutuel	Feb. 24, 1993	2014
Assurances du Crédit Mutuel Vie SA	June 29, 1993	2014
Assurances du Crédit Mutuel Iard SA	March 19, 1993	2014
Assurances du Crédit Mutuel Vie Sam	June 13, 1991	2014
Banque du Crédit Mutuel Ile-de-France (Fivory)	Nov. 17, 2003	2014
Chairman of the supervisory board:		
Fonds de Garantie des Dépôts	Nov. 26, 2008	2012
Targo Deutschland GmbH	Dec. 8, 2008	2011
Targo Management AG	Dec. 8, 2008	2011
Targo Bank AG	Dec. 8, 2008	2011
Cofidis Participations	March 17, 2009	2011
CM-CIC Capital Finance	Feb. 2, 2011	2012
Banque Européenne du Crédit Mutuel	Oct. 22, 2010	2014
Euro Information Production (GIE)	May 19, 1994	2014
Director - CEO:		
Fédération du Crédit Mutuel Centre Est Europe	April 6, 2001	2010
Banque Fédérative du Crédit Mutuel	June 14, 2002	2010
Caisse fédérale de Crédit Mutuel	April 6, 2001	2010
Vice-chairman of the supervisory board:		
Safran	April 15, 2009	2011
Director:		
CIC Finance	Dec. 20, 2000	2010
Safran	April 21, 2011	2013
CRCM Midi-Atlantique	May 24, 2008	2014
Member of the supervisory board:		
CIC Investissements	Dec. 20, 2000	2010
Banque de l'Economie du Commerce et de la Monétique	May 15, 1992	2010

... Information concerning members of the board of directors and general management

Member of the management committee:		
Euro Information	June 14, 2002	2014
Euro Information Développement	June 14, 2002	2014
Permanent representative:		
Caisse fédérale de Crédit Mutuel (director of Crédit Mutuel Paiements Électroniques)	March 19, 2003	2012
CIC (member of the supervisory board of CM-CIC Asset Management)	Sept. 28, 1992	2013

Philippe Vasseur

Born August 31, 1943, Touquet

Business address:
Crédit Mutuel Nord Europe
4 place Richebé
59011 Lille Cedex

	Term of office started	Term of office expires
Director	May 19, 2011	2015

Other positions held

Chairman:		
Caisse fédérale du Crédit Mutuel Nord Europe	May 26, 2000	2015
Caisse de Crédit Mutuel Lille Liberté	March 29, 2005	2015
Chambre de commerce et d'industrie Région Nord-Pas-de-Calais (EP)	Jan. 12, 2011	2016
Crédit Mutuel Nord Europe Belgium (SA-Belgium)	Sept. 11, 2000	2015
Chairman of the supervisory board:		
Banque Commerciale du Marché Nord Europe (SA)	May 26, 2000	2015
Groupe La Française (SA)	May 29, 2006	2015
Nord Europe Assurances (SA)	June 1, 2006	2016
Vice-chairman:		
Confédération nationale du Crédit Mutuel (Association)	Oct. 11, 2000	2018
Beobank (SA)	April 30, 2012	2015
Director:		
Groupe Eurotunnel (SA)	June 20, 2007	2018
Caisse Solidaire du Crédit Mutuel Nord Europe	Sept. 27, 2005	2015
Bonduelle (SAS)	2008	n/a
BKCP Banque (SA-Belgium)	May 11, 2000	2015
Nord Europe Partenariat (SA)	May 7, 2009	2015
BKCP Immo IT scrl (Belgium)	May 31, 2011	2015
Caisse centrale du Crédit Mutuel	Nov. 14, 2012	2015
Permanent representative:		
CMNE Belgium (director of Mobilease SA-Belgium)	June 25, 2013	2019
Caisse fédérale du Crédit Mutuel Nord Europe (non-voting board member, LOSC Lille Métropole SA)	2005	2015
Caisse fédérale du Crédit Mutuel Nord Europe (director of Groupe des Assurances du Crédit Mutuel Vie SA)	May 4, 2005	2017

Positions held in the past five fiscal years

Chairman:		
Société de développement régional de Normandie (SA)	May 29, 2001	2013
Member of the supervisory board:		
Crédit Industriel et Commercial	May 30, 2001	2011
La Française Bank (SA-Luxembourg)	July 10, 2003	2014
Director:		
BKCP Securities (SA-Belgium)	March 31, 2005	2011
Holder (SAS)	2005	2012
Permanent representative:		
CMNE Belgium (director of Alverzele (SA-Belgium)	n/a	2011

Members elected by the board of directors

Nathalie Jolivet

Born July 11, 1965, Cholet

Business address:
Banque CIC Ouest
6 rue Maisonneuve - BP 51941
49319 Cholet Cedex

	Term of office started	Term of office expires
Director, representing employees	June 18, 2014	2017

Positions held in the past five fiscal years

Member of the supervisory board of CIC representing employees	Jan. 21, 2010	2011

William Paillet

Born April 3, 1958, Paris

Business address:
CIC Est
3 rue des Coutures - 77200 Torcy

	Term of office started	Term of office expires
Director, representing employees	Oct. 26, 2011	2017

Other positions held

Director, representing employees		
CIC Est (Strasbourg)	Dec. 3, 2009	2018

General management

Alain Fradin

Born May 16, 1947, Alençon

Business address:
Crédit Industriel et Commercial
6 avenue de Provence - 75009 Paris

	Term of office started	Term of office expires
Chief executive officer of CIC	Dec. 11, 2014	unlimited

Other positions held

Chairman:		
CIC Migrations	Nov. 26, 1999	2015
Chairman of the board of directors:		
CM-CIC Bail	July 20, 1999	2016
Targobank Spain (formerly Banco Popular Hipotecario)	Oct. 28, 2010	2016
Chairman of the supervisory board:		
CIC Iberbanco	June 5, 2008	2015
Cofidis	March 17, 2009	2015
Cofidis Participations	March 17, 2009	2015
Euro Information Production (GIE)	Oct. 24, 2014	2018
Vice-chairman of the supervisory board:		
Targo Deutschland GmbH	Dec. 8, 2008	2017
Targo Management AG	Dec. 8, 2008	2018
Targobank AG	Dec. 8, 2008	2018
CM Akquisitions GmbH	March 12, 2009	2019
CEO:		
Confédération nationale du Crédit Mutuel	Nov. 17, 2010	unlimited
Caisse centrale du Crédit Mutuel	Jan. 1, 2010	unlimited
Fédération du Crédit Mutuel Centre Est Europe	Oct. 20, 2010	unlimited
Caisse fédérale de Crédit Mutuel	Sept. 24, 2010	2016
Banque Fédérative du Crédit Mutuel	Nov. 14, 2014	2017
Director:		
CM-CIC Titres	Feb. 18, 1994	2018
Banco Popular Espagne	Nov. 11, 2011	2017

Member of the management committee:		
Euro Information	May 3, 2006	2017
Bischenberg	Sept. 30, 2004	2015
El Télécom	Feb. 1, 1999	unlimited
Boréal	Oct. 14, 2002	2020
Member of the supervisory board:		
GIE CM-CIC Services	May 7, 2008	2020
Eurafric Information	May 28, 2008	2016
Permanent representative:		
CIC (management committee of Euro GDS)	Dec. 19, 2003	2016
CIC (director of CIC Ouest)	May 21, 2014	2019
CIC (director of CIC Nord Ouest)	May 16, 2014	2019
Groupement des Assurances du Crédit Mutuel (director of Sérénis Vie)	July 16, 2002	2017
Banque Fédérative du Crédit Mutuel (director of Crédit Mutuel Cartes de Paiements)	May 14, 2012	2015
FCMCEE on the board of Sofedis	June 22, 2011	2020

Positions held in the past five fiscal years

Vice-chairman of the executive board:		
Crédit Industriel et Commercial	June 17, 1998	2011
CEO:		
Fédération du Crédit Mutuel Antilles-Guyane	May 30, 1998	2011
Fédération des Caisses du Crédit Mutuel du Sud-Est	June 21, 2001	2012
Caisse de Crédit Mutuel du Sud-Est	June 21, 2001	2012
CM-CIC Bail	July 20, 1999	2013
Chief operating officer:		
Banque Fédérative du Crédit Mutuel	April 8, 2011	2014
Crédit Industriel et Commercial	May 19, 2011	2014
Deputy chief operating officer:		
Fédération du Crédit Mutuel Centre Est Europe	Feb. 14, 1998	2010
Caisse fédérale de Crédit Mutuel (CFCMCEE)	Feb. 14, 1998	2010
Chairman of the board of directors:		
Groupe Républicain Lorrain communication	May 4, 2007	2011
Member of the board of directors - Member of the bureau:		
Confédération nationale du Crédit Mutuel	Sept. 12, 2001	2010
Groupe Sofémo	May 30, 1997	2013
Director:		
Fivory (formerly Banque du Crédit Mutuel Ile-de-France)	Nov. 17, 2003	2014
Permanent representative:		
CCCM (member of the supervisory board of CM-CIC AM)	Dec. 15, 2010	2013
CF de CM (Vice-chairman of Caisse centrale du Crédit Mutuel)	Jan. 3, 2001	2010
CCM Sud-Est (director of ACM Vie SA)	May 4, 2005	2011
Caisse fédérale de Crédit Mutuel (director of Crédit Mutuel Paiements Electroniques)	May 14, 2012	2014
CIC Participations (director of CIC Ouest)	May 15, 2003	2014
CIC Participations CIC (director of CIC Nord Ouest)	Dec. 26, 1990	2014

... Information concerning members of the board of directors and general management

Delegation of powers

Summary table of currently valid powers delegated by the general meeting of stockholders to the board of directors in the field of capital increases during the current fiscal year (Article L.225-100, para. 7).

Powers delegated by the general meeting of stockholders

General meeting of stockholders of May 23, 2013

Powers delegated to the board of directors to increase the capital by:
- issuing ordinary stock units or any other negotiable securities giving access to equity, maintaining stockholders' preferential subscription rights;
- incorporating premiums, reserves, benefits or other;
- issuing ordinary stock units or any other negotiable securities giving access to equity, with the cancellation of preferential subscription rights, by public offering;
- issuing ordinary stock units or any other negotiable securities giving access to equity, with the cancellation of preferential subscription rights, by private placement as referred to in Article L.411-2, II of the French Monetary and Financial Code.

Possibility of increasing the amount of issues in case of excess demand.
Issue of stock units without preferential subscription rights in consideration of contributions of stock units or equity instruments made to CIC in the context of a contribution in kind.
These delegations are valid for twenty-six months, until July 23, 2015. The overall ceiling for all these capital increases is set at €150 million. Furthermore, if the board of directors were to issue negotiable debt instruments giving access to equity, the nominal amount of these securities would itself be limited to one billion six hundred million euros.

Use made of these powers by the board of directors

None.

COMPENSATION OF CORPORATE OFFICERS

Guiding principles

CIC does not follow the recommendations of the AFEP-MEDEF code, unsuitable in its case on a number of points given the ownership structure, consisting 98% of entities belonging to the Crédit Mutuel group.
As a result of the change in executive corporate officers of CIC and BFCM, the respective boards of the two companies, in their meetings of February 26, 2015 for BFCM and December 11, 2014 for CIC, established the new compensation arrangements for these executives and the commitments toward them.
This compensation and these commitments were established by the deliberating bodies of BFCM and CIC based on proposals by their respective compensation committees.
Non-executive corporate officers, i.e. all directors except for the chairman of the board of directors, do not receive either attendance fees or compensation of any kind.

Implementation

The executives concerned are the chairman of the board of directors and the chief executive officer.

The chairman of the board of directors' employment contract with BFCM was terminated with effect from November 14, 2014 and that of the chief executive officer was terminated with effect from May 1, 2011.
The board of directors of CIC, in its meeting of December 11, 2014, decided, based on a proposal by the compensation committee, to grant Nicolas Théry, as compensation for his corporate office of chairman of the board of directors, annual compensation of €250,000. It also decided to establish for Nicolas Théry, with respect to his corporate office of chairman of the board of directors, a termination indemnity equal to one year's compensation as corporate officer. Payment of this indemnity is subject to the achievement of performance objectives relating to the growth of the group's consolidated total equity in accordance with IFRS for the period from January 1, 2015 to the date of termination. This agreement concerning the termination indemnity will be submitted for approval by the general meeting of stockholders of CIC on May 27, 2015 together with the statutory auditors' special report.

The board of directors of BFCM, in its meeting of February 26, 2015, decided, based on a proposal by the compensation committee, to maintain Nicolas Théry's present compensation at BFCM (gross annual compensation of €450,000), which will with effect from December 1, 2014 be compensation for the performance of his corporate office as chairman of the board of directors. The board also decided to put in place a specific unemployment insurance policy for corporate officers with effect from December 1, 2014.

In addition, the board of directors set the termination indemnity to be paid to Nicolas Théry at one year of gross salary calculated on the basis of the average of the last twelve months preceding the termination of his office. Payment of this indemnity is subject to the achievement of performance objectives relating to the growth of the group's consolidated total equity in accordance with IFRS for the period from January 1, 2015 to the date of termination. As regards this corporate office, the above indemnity is understood to be without prejudice to that which he might receive in his capacity as an employee pursuant in particular to labor agreements in force in the group. In this regard, note that Nicolas Théry has been employed by the group since September 1, 2009 and that his employment contract was suspended with effect from November 14, 2014. In his capacity as an employee, Nicolas Théry comes under the supplementary pension scheme of January 1, 2008. Consequently, the compensation committee proposed that this pension scheme be applied to Nicolas Théry's compensation in his capacity as chairman of the board of directors, on the same conditions as all group employees.

This agreement concerning the termination indemnity and retirement benefits will be submitted for approval by the general meeting of stockholders of BFCM on May 13, 2015 together with the statutory auditors' special report.

The board of directors of BFCM, in its meeting of February 26, 2015, noted that Alain Fradin's appointment as chief executive officer did not result in any change in his situation up to that date in his capacity as chief operating officer. The board of directors of BFCM, in its meeting of May 11, 2011, had decided, based on a proposal by the compensation committee, to establish the gross fixed annual compensation of Alain Fradin at €800,000, plus the use of a company car, pension benefits and variable compensation if applicable, the amount of which to be established by the board of directors based on a proposal by the compensation committee. In his capacity as an employee, Alain Fradin comes under the supplementary pension scheme of January 1, 2008. Consequently, the compensation committee proposed that this pension scheme be applied to Alain Fradin's compensation in his capacity as chief operating officer of BFCM, on the same conditions as all group employees. It also decided to establish for Alain Fradin a termination indemnity equal to one year of gross salary calculated on the basis of the average of the last twelve months preceding the termination of his office. Payment of this indemnity is subject to the achievement of performance objectives relating to the growth of the group's consolidated total equity in accordance with IFRS for the period from January 1, 2011 to the date of termination. As regards this corporate office, the above indemnity is understood to be without prejudice to that which he might receive in his capacity as an employee pursuant in particular to labor agreements in force in the group. This agreement concerning the termination indemnity was submitted for approval by the general meeting of stockholders of BFCM on May 10, 2012 together with the statutory auditors' special report.

Compensation received by the group's key executives is detailed in the table below.
The group's key executives also benefited during the year from the arrangements for group insurance and, in the case of the chief operating officer, from the group supplementary pension scheme.

Key group executives did not receive any other specific benefits. They have not been awarded any BFCM or CIC stock units, stock options or similar instruments. Furthermore, they are not entitled to attendance fees relating either to their positions in group companies or to those in other companies by reason of their positions in the group.

The group's key executives may also hold assets with, and take loans from, the group banks on the same terms as those offered to employees in general. As at December 31, 2014 they had no loans of this kind.

... Implementation

Compensation received by key group executives from January 1 to December 31

2014 Amounts in euros (a)	Source	Fixed portion	Variable portion (b)	Benefits in kind (c)	Social benefits	Total
Michel Lucas	Crédit Mutuel CIC	229,167[1] 550,000		4,226	736	233,393 550,736
Nicolas Théry	Crédit Mutuel CIC	86,794[2] 20,833[3]			901 84	87,695 20,917
Alain Fradin	Crédit Mutuel	800,000	0	4,620	8,448	813,068

2013 Amounts in euros (a)	Source	Fixed portion	Variable portion (b)	Benefits in kind (c)	Social benefits	Total
Michel Lucas	Crédit Mutuel CIC	250,000 550,000		5,187	538	255,187 550,538
Alain Fradin	Crédit Mutuel	800,000	0	3,725	8,332	812,057

(1) from January 1 to November 30.
(2) from December 1 to December 31. Compensation includes a lump sum linked to termination of the employment contract.
(3) from December 1 to December 31.

(a) Gross amounts paid by the company during the year.
(b) The variable portion, if any, of the chief executive officer's compensation is determined by the meeting of the BFCM compensation committee following the annual general meeting of stockholders called to approve the financial statements for the previous year, in respect of which the variable compensation is paid: the variable portion paid in year y thus relates to fiscal year y-1.
(c) Company cars exclusively.

Also, following Michel Lucas's resignation from his positions as chairman of the board of directors and chief executive officer, and based on a proposal of the compensation committee, which checked that the conditions for payment of the termination indemnity approved by the board in its meeting on March 19, 2011 had been met, CIC's board of directors, meeting on December 11, 2014, decided to pay Michel Lucas a termination indemnity of €550,000.

VARIABLE COMPENSATION

of "risk takers"

Regulatory framework

The regulatory framework for the compensation of the banking profession changed significantly in 2014. Based on European Union regulation 575/2013 and the Banking Act of July 26, 2013 relating to prudential requirements applicable to credit institutions and investment firms, variable remuneration of the regulated population is governed by strict rules.
The scope of the regulated population also changed. Regulation 604/2014 extends and replaces the previous definition of regulated population by introducing a new category: risk takers (also known as material risk takers or MRT)[1].
Lastly, this regulatory framework was supplemented by the Order of February 20, 2014 and the Decree of November 3, 2014 relating to the internal control of banking institutions, payment services and investment services.

With this new regulatory framework in mind, in December 2014 the general management of CIC, after consultation with the compensation committee, presented the board of directors with a number of provisions contained in an "outline of the compensation policy of the CM11 group".
The regulated population includes four categories of employees: effective managers, employees with powers to commit the group in an amount up to a regulatory threshold[2], those responsible for control functions, compliance and risk and any employee whose professional activities have a material impact on the company's risk profile and receives comparable compensation.

Rules of governance

In accordance with the applicable regulations, CM11 has set up a compensation committee composed of competent members, one of whom is independent.
The committee analyzes the policies and practices in the light of all relevant criteria, including the company's risk policy. It also gives its opinion on the documents submitted[3] and makes proposals to the board of directors.
Lastly, it checks with general management to make sure that the risk and compliance divisions have been consulted on the definition and implementation of the compensation policy.
The board of directors, based on the compensation committee's proposals, sets the principles of the compensation policy decided by the general management.
An annual report on the compensation policy and practices is submitted to the *Autorité de Contrôle Prudentiel et de Résolution* (French Prudential Supervisory Authority - ACPR), in accordance with Article 266 of the Decree of November 3, 2014 relating to internal control.
Similarly, a report containing details of amounts and information on elements of variable compensation is published prior to the general meeting of stockholders called to ratify the annual financial statements. Pursuant to Article 450 of EU regulation 575/2013, this report includes in particular a breakdown of compensation exceeding certain materiality thresholds.

General principles governing the compensation policy

In general terms, CM11 group's wage policy is designed not to encourage employees to take on too much risk, particularly employees whose activities are liable to have a material impact on the institution's risk exposure. The group also makes sure that it retains talented employees and includes measures designed to prevent conflict of interests.
CM11's compensation policy is also aligned with its economic strategy, objectives, mutual values and long-term interests. The variable elements of compensation are linked to financial and non-financial objectives specifically assigned to individual employees and teams. For a better control of risk factors, the costs attributable to professional activities are deducted, notably net additions to/reversals from provisions for loan losses, and liquidity.
The variable compensation paid to risk takers may not exceed the fixed portion. Over a certain threshold, payment of a portion of the variable compensation awarded in a fiscal year is deferred over a period of three years and is subject to fulfilling payment conditions known as clawback clauses (see below). The deferred amount increases with the amount of the variable portion, from at least 40% of the amounts allocated to over 60% for the highest compensation packages.
Furthermore, actual payment is subject to certain conditions linked to the results of the business line, the achievement of predefined targets according to the business concerned, and employees still being effectively employed at the date of payment.
Deferred compensation may thus be substantially reduced, or even not paid in the event of a failure to manage and control risks giving rise to losses. This clause allows employees, particularly financial market professionals, to take responsibility for any medium-term risk to which they may expose the company.
The compensation policy, which is in line with the Group's risk policy, forbids guaranteed bonuses, with the exception of hires of financial market professionals, other than in respect of job transfers within the group. In such cases the guarantee is limited to one year.

Consultation of the general meeting of stockholders on the overall compensation package, required pursuant to Article L.511-73 of the French Monetary and Financial Code

Article L.511-73 of the French Monetary and Financial Code requires that the general meeting be consulted on the overall amount of compensation of any kind paid during the past year, to effective managers, within the meaning of Article L.511-13, and categories of staff, including risk takers, those responsible for control functions, and any employee who, based on overall salary, is in the same compensation bracket, or whose professional activities have a material impact on the risk profile of the company or group. In this context, the scope of the compensation package examined by the general meeting concerns the employees included in the risk takers category as defined by regulation 604/2014 (see above).
The general meeting of stockholders of May 27, 2015 will have to give its opinion, in its seventh resolution, on this package totaling €17,727,629 for 2014 and which comprises fixed and variable remuneration paid, with the latter including amounts deferred in previous years and amounts that are subject to retention clauses.

(1) This regulation defines a list of qualitative and quantitative criteria for identifying material risk takers.
(2) More specifically, employees with powers authorizing them to commit, individually or as a committee, the group for up to the regulatory threshold of 0.5% of tier 1 shareholders' equity, either through lending or by taking positions on the markets.
(3) Including the proposals drawn up by the management.

REPORT OF THE CHAIRMAN

of the board of directors to the annual general meeting of stockholders of May 27, 2015 on the preparation and organization of the board's work and on internal control procedures

Preparation and organization of the work of the board

Principles of governance

Composition of the board

The workings of the board of directors are governed by Article 11 and Articles 13 through 16 of the company's bylaws, which do not contain any stipulations over and above the legal provisions. The board of directors, at its meeting on May 23, 2013, adopted an internal regulation, comprising one article aimed at implementing the possibility provided by the company's bylaws of using video-conferencing or other types of telecommunications which conform to the specifications laid down under Article R.225-21 of the French Commercial Code, for all meetings except those in which the board is required to approve the annual financial statements or consolidated financial statements, the management report or the group management report, and convening the annual general meeting. It assesses its own performance and reports on it both in the general report which it presents each year to the ordinary general meeting of stockholders and by means of this report on the preparation and organization of its work.

CIC complies with the regulations in force regarding corporate governance. It does not however follow the recommendations of the AFEP-MEDEF code of corporate governance on this subject, some of which are unsuited to its situation given the ownership structure, which is 98.21% composed of Crédit Mutuel group entities, including Banque Fédérative du Crédit Mutuel which directly or indirectly holds 93.14% of the capital.

In determining the composition of the board of directors, a number of guiding principles are applied.

1°. Incompatibilities and prohibitions: every year each director signs a sworn statement confirming that he is legally entitled to fulfill his duties (see page 44 for details of this statement).

2°. Age limit: the composition of the board reflects a provision defined in the bylaws, whereby the number of directors over the age of 70 may not exceed one third of directors.

3°. Plurality of employment contracts: no director has a contract of employment with the company and its controlled subsidiaries (except for directors who represent employees, who are not affected by the rules concerning concurrent directorships and employment contracts).

4°. Application of the principle of balanced representation of women and men on the board of directors led the general meeting of stockholders of May 19, 2011 to appoint Catherine Allonas-Barthe as a director and the meeting of May 23, 2013 to appoint Monique Leroux as a director.
They represent 20% of the members of the board of directors appointed by the general meeting of stockholders (directors representing employees are not taken into account when calculating this percentage).

5°. Independent directors: although, for the reasons indicated above, CIC does not follow the recommendations of the AFEP-MEDEF code on corporate governance, application of the code's six criteria to ascertain whether a director is independent or not means that five directors out of the ten appointed by the general meeting of stockholders fall within this category. Independent directors should:
- not be an employee or corporate officer of the company or an employee or director of its parent company or a company that it consolidates, nor have been one in the previous five years;
- not be a corporate officer of a company in which the company holds, directly or indirectly, a directorship or in which an employee appointed as such or a corporate officer of the company (currently or within the past five years) holds a directorship;
- not be a significant customer, supplier, investment banker, or financial banker of the company or its group, or for whom the company or its group represents a significant part of its activities;
- not have any close family ties with a corporate officer;
- not have been the auditor of the company in the past five years;
- not have been a director of the company for longer than twelve years.

These five directors are Monique Leroux, Luc Cortot, Jean-François Jouffray, Daniel Leroyer and Philippe Vasseur.

Committees

The board relies on four specialist committees and appoints all or some of their members. The board receives regular reports on the work of these committees.

Compensation committee

The board of directors has established an internal special committee comprised of three members. Their term of office is three years, expiring at the end of the first half of the calendar year constituting the third anniversary of the start of their term of office. This committee is responsible, on the one hand, for examining the statutory situation and the compensation of the chairman of the board of directors and members of general management and making any appropriate proposals to the board on the subject, and, on the other hand, for preparing the board's deliberations on the principles of the compensation policy for CIC's "regulated population", issuing an opinion on the general management's proposals for their implementation, and carrying out an annual review of this policy and reporting on it to the board.
In its meeting of February 27, 2014, the board of directors appointed or renewed the appointments of the following members:
- Daniel Leroyer, committee chairman;
- Maurice Corgini;
- Jean-François Jouffray.

Appointments committee

Following the transposition of the so-called CRD4 directive, particularly Article 88, the board of directors meeting on May 22, 2014, created a new internal special committee with three members. Their term of office is three years. This committee's remit is to identify appropriate candidates for directorships and make recommendations to the board of directors, assess the balance and diversity of the knowledge, skills and experience possessed both individually and collectively by the board's members, specify the duties and the qualifications required for the functions performed within the board, assess the time that must be dedicated to these functions, set a target for gender balance within the board and draw up a policy for achieving said target, and periodically review, at least once a year, the board's structure, size, composition and efficiency in the light of its duties and make appropriate recommendations to the board. The committee should also periodically assess, at least once a year, the knowledge, skills and experience possessed both individually and collectively by the board's members and report on these to the board. It should also periodically review the board's policies with regard to selecting and appointing the two executives, the chief operating officers and the head of risk management and make recommendations to the board in this area, as well as checking that the board is not dominated by an individual or small group of individuals in conditions that would be harmful to the bank's interests.
The board of directors appointed the following committee members:
• Daniel Leroyer, committee chairman;
• Maurice Corgini;
• Jean-François Jouffray.

Group audit and accounts committee

With a view to responding to the requirements arising from the transposition of European Directive 2006/43/EC concerning the legal auditing of annual company and consolidated financial statements by means of order no. 2008-1278 of December 8, 2008 and to those deriving from regulation 97-02 of February 21, 1997 as amended concerning the internal control of credit institutions and investment undertakings, a group audit and accounts committee was established at the CM5-CIC (now CM11) level in June 2009 (see internal control procedures below).
The board of directors is represented on this body by two of its members appointed in the meetings of May 19, 2011 and February 27, 2014, namely:
• Maurice Corgini;
• Jean-François Jouffray.

Group risk monitoring committee

This committee has been established at CM11 level and is composed of members of the deliberative bodies (see internal control procedures, below).
The board of directors is represented on this body by one of its members appointed in the meeting of December 11, 2014, namely:
• Luc Cortot.

Ethics and compliance

The code of ethics currently applied by the CM11 group was approved by the supervisory board in its meeting of February 21, 2008.
This reference document, which brings together all the regulatory provisions regarding ethics, outlines the principles to be followed by all group entities and employees in carrying on their activities. It forms part of the general objectives established by the group concerning quality of customer service, integrity and rigor in handling transactions, and compliance with regulations. It is designed to serve as a reference in this field and to be adopted by the various entities.
Compliance with ethical rules applies not only to employees in the context of their duties but also to the entity to which they belong. The entity must see to it that the above principles, which reflect the values to which the whole CM11 group subscribes, are properly applied (see also fair operating practices, page 228). This code is supplemented by provisions relating to the fight against corruption and two specific sets of rules on the security of information systems and the fight against violence and harassment at work.
The compendium of ethics is held available to all by the general secretariat.
Members of the board of directors and general management are reminded on a regular basis of the rules applicable to persons holding inside information. They are also informed that they must disclose to the AMF (French financial markets authority) and to CIC any trading in CIC stock units on the stock exchange by them or persons closely linked to them.

Principles and rules for the compensation of corporate officers

As a result of the change in executive corporate officers of CIC and BFCM, the respective boards of the two companies, in their meetings of February 26, 2015 for BFCM and December 11, 2014 for CIC, established the new compensation arrangements for these executives and the commitments toward them (see page 56). This compensation policy will be presented for approval by the general meeting of stockholders of May 27, 2015.
In addition, CIC's board of directors has approved the overall compensation policy for employees whose professional activities could have a significant impact on the group's risk profile. This general policy takes into account the requirements of EU regulation No. 604/2014 published on March 4, 2014, which sets the qualitative and quantitative criteria for identifying these categories of employees.
The latest version of the note on the compensation policy for the "regulated population" was approved by the board of directors on December 11, 2014.
The general meeting of stockholders did not approve any directors' attendance fees. Consequently the board of directors did not allocate any fees to its members.

Rules for attending the general meeting of stockholders

The rules for attending the general meeting of stockholders are set out in the "legal information" section, on page 250.

… Preparation and organization of the work of the board

Information required pursuant to Article L.225-100-3 of the French Commercial Code

The information relating to points 1, 2, 7 and 8 appear on pages 33-34, 250, 44 and 250, 52 and 252 respectively. The other points (3 through 6, and 9 and 10) do not apply to CIC.

The work of the board in 2014

The board of directors meets once a quarter in accordance with a pre-established calendar.

Each agenda item has a corresponding file or factsheet depending on its size to provide board members with the necessary information. Detailed minutes are prepared, recording deliberations, resolutions and voting.

The board of directors met four times in 2014. The attendance rate varied between 75% and 83% (averaging 81%).

The meeting of February 27 was mainly devoted to examining and approving the financial statements and preparing the ordinary general meeting of stockholders which was held on May 22. The board examined the financial statements for fiscal year 2013, heard the conclusions of the statutory auditors and took note of the group audit and accounts committee's report of February 25. The board also adopted the proposals of the compensation committee, meeting on the same day, concerning variable compensation of market professionals for 2013. At this meeting, Jean-François Jouffray was temporarily appointed to replace Jean-Louis Girodot as a director and the terms of office of the compensation committee members were renewed.

In its second meeting, on May 22 immediately following the general meeting of stockholders, the board of directors decided to implement the trading of CIC stock on the stock exchange as authorized by the AGM, in the framework of the liquidity agreement. It took note of the work done by the risk monitoring committee in its meeting of April 16 and the audit and accounts committee in its meeting of May 5, and of the CIC annual report on internal control. It also set up the appointments committee required under Article 88 of the CRD4 directive, transposed into the French Monetary and Financial Code by order No. 2014-158 of February 20, 2014. The board also decided to extend the terms of office of Michel Lucas as chairman and chief executive officer for a period of two years and discussed the company's policy with regard to professional and wage equality.

Meeting on July 31, the board of directors approved the interim consolidated financial statements of CIC for the first half of 2014, after taking note of the opinion of the audit and accounts committee dated July 28 and hearing the statutory auditors' report. The board noted the replacement of a director representing the employees, took note of the work of the appointments committee and approved the committee's internal rules.

In its last meeting of the year, on December 11, the board of directors took note of the work of the audit and accounts committee meeting of September 22 and of the risk monitoring committee meeting of October 15, as well as of a provisional estimate of CIC's consolidated earnings for 2014 and a forecast for 2015. It also approved the report of the compensation committee, which had met on the same day. The board took note of the resignation of Michel Lucas from his positions as chairman and chief executive officer and decided, in accordance with the regulatory and statutory provisions, to segregate the functions of chairman and chief executive officer. Based on the appointments committee's proposals, the board temporarily appointed Nicolas Théry to replace Joseph Arenas as a director and appointed him chairman of the board. The board also appointed Alain Fradin as chief executive officer. The board also appointed two deputy chief operating officers, Daniel Baal and Philippe Vidal, as effective managers alongside the chief executive.

Internal control procedures

CIC's internal control and risk management system is integrated into that of the CM11 group. The CM11 group consists of entities governed by a single collective banking license, that of Caisse fédérale de Crédit Mutuel, namely Crédit Mutuel Centre Est Europe, Crédit Mutuel Ile-de-France, Crédit Mutuel du Sud-Est, Crédit Mutuel Savoie-Mont Blanc, Crédit Mutuel Midi-Atlantique, Crédit Mutuel Loire-Atlantique et Centre-Ouest, Crédit Mutuel du Centre, Crédit Mutuel de Normandie, Crédit Mutuel Dauphiné-Vivarais, Crédit Mutuel Méditerranéen, and Crédit Mutuel d'Anjou, as well as all subsidiaries and consolidated companies, including CIC network headquarters and its regional banks.

The purpose of internal control and risk management work is to ensure compliance with all rules defined by supervisory authorities for the conduct of the group's operations, by using the internal and professional standards, tools, guidelines and procedures put in place to that end.

CM11 group-level internal control and risk monitoring process

General framework

Internal control and risk management are fully integrated into the group's organization with the aim of ensuring compliance with regulatory requirements and proper risk control and operational security, as well as improved performance.

A shared process

The group ensures that the process matches its size, the nature of its operations and the scale of risks to which it is exposed.

Internal control and risk measurement systems rely on common methods and tools to:

- completely cover the full range of the group's operations;
- list, identify, aggregate and track risks on a consolidated basis in a consistent manner;
- ensure compliance with applicable laws and regulations, internal standards, and instructions and guidelines established by executive management;
- ensure that in-house processes are running satisfactorily, assets are secure, and financial information is reliable.

More broadly, the processes in place are aimed at helping to ensure proper control of operations while at the same time improving the effectiveness of control work carried out.

A structured process

One of the key purposes of the organization is to verify the quality and completeness of the internal control system. Both for itself and the businesses it controls, the group ensures that this system is underpinned by a set of procedures and operational limits that match regulatory requirements and applicable internal and professional standards.

The identification, control and monitoring of key risks by means of benchmarks, risk mapping and appropriate exposure limits, formal procedures and dedicated tools are constant objectives for the control departments. Analytical tools and tracking dashboards make it possible to perform regular reviews of the various risks to which the group is exposed, including counterparty, market, asset and liability management and operational risks. In accordance with regulatory requirements, the group issues an annual report in the format recommended by the French Prudential Supervision and Resolution Authority *(Autorité de Contrôle Prudentiel et de Résolution – ACPR)*, on internal control and on risk measurement and oversight, in light of which a detailed review of control processes is carried out.

An independent process

To ensure the necessary independence of controls, employees assigned to control tasks have no operational responsibilities and their reporting lines, whether hierarchical or functional, are such as to ensure their freedom of judgment and assessment.

CM11 group process

The process has a threefold objective:

- to separate the periodic, permanent and compliance controls into distinct functions in accordance with regulatory requirements;
- to harmonize internal control work throughout the group by creating a common organization based mainly on standardized methods and tools, and on the complementarity, subsidiarity, and independence of controls;
- to obtain a comprehensive and cross-functional view of all risks to ensure reliable, consistent and comprehensive reporting to general management and the deliberative body.

Organization of controls

Breakdown by type of control

Independently of the controls performed by management teams as part of their daily operational activities, controls are performed by:

- periodic controls staff, for in-depth, audit-style assignments, carried out in cycles spanning several years;
- permanent controls staff, for all work of a recurring nature using remote applications;
- compliance staff, notably for the application of regulations and internal and professional standards including anti-money laundering.

The periodic control department is responsible for supervising the overall quality of the internal control system, its effective workings and oversight of risks, as well as the smooth workings of the permanent and compliance controls.

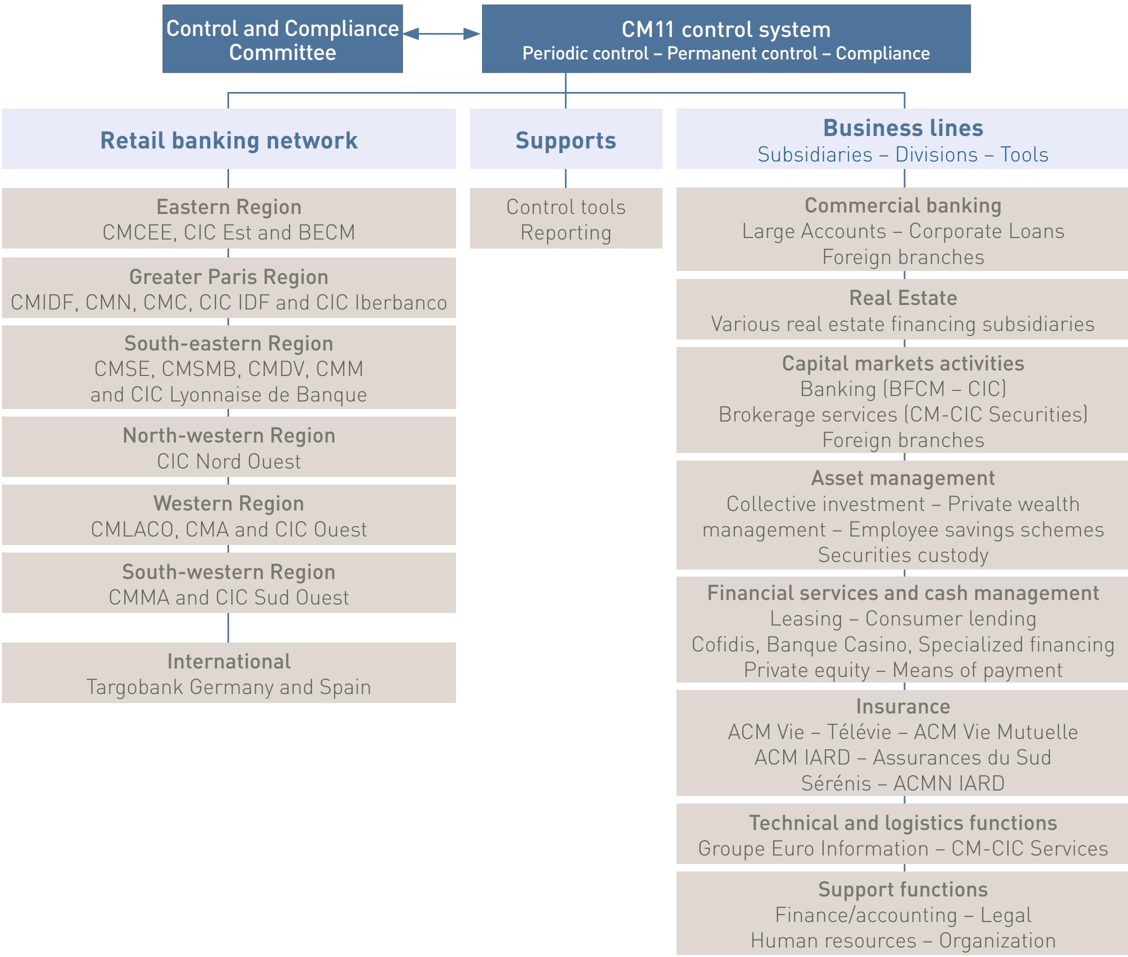
Split between network and business lines

Control functions have been split into two structures, one dealing with the retail banking network and the other with the business lines (large accounts, capital markets activities, asset management, financial services, cash management, etc.) with managers appointed for both at CM11 group level.

... Internal control procedures

A common support unit for the various kinds of control
The periodic control, permanent control and compliance functions are assisted by a common support unit which is responsible for:
- developing the tools and keeping them up to date and in good working order;
- preparing the reporting instruments needed for monitoring control operations and assignments, and centralizing information for the management bodies, at central and local (regional and subsidiary) levels;
- ensuring that control tools are complementary between the various control functions so as to provide optimal cover of group risks.

Overall framework of internal control organization



Oversight of internal control processes

Group control and compliance committee
Chaired by CIC's chief executive officer, the compliance committee holds regular meetings with the staff responsible for periodic, permanent and compliance controls and risk management, with the following objectives:
- coordinating the process and ensuring that the work and assignments of the various parties involved are complementary, such that all risks are covered;
- establishing control plans and reviewing the outcomes of assignments carried out by the periodic control units as well as the work done by the permanent control and compliance functions and proposing any improvements that might be required to the executive body;
- analyzing the conclusions of external inspections, in particular those carried out by the supervisory authorities;
- monitoring implementation of the resulting recommendations.

The control and compliance committee also reviews a certain number of activities and documents that serve as points of reference. In 2013 it approved the new procedures for following up recommendations made during inspection visits to the networks and audits conducted in respect of other businesses, business lines or departments, as well as the new procedures for certifying the accounts of local Crédit Mutuel banks. The document setting forth the organization of the network periodic control function, and the relationship between the central and regional units within the network periodic control function, was also submitted to the committee for approval. It met four times (March 3, June 23, September 29, and December 15).

Group audit and accounts committee

In order to meet regulatory requirements and rules of governance, the CM11 group set up an audit and accounts committee in 2008. It comprises fourteen voluntary and independent members from the group's mutual base. Several of its members have particular skills in accounting and finance. The executive body, the control departments and the finance division are represented on it. Training seminars help members to keep up to date with new developments.

This committee:
- examines the provisional internal control schedule;
- is informed of the conclusions of inspections carried out by the periodic control function and of the results of the permanent and compliance controls;
- takes due note of the conclusions of external controls, particularly of any recommendations made by the supervisory authorities;
- is informed of actions carried out to give effect to the main recommendations issued in internal and external control reports;
- assesses the effectiveness of the internal control systems;
- receives up-to-date information on the group's risk position;
- proposes to the various deliberative bodies such improvements as it deems necessary in view of the findings of which it has been made aware.

In the area of financial reports, it:
- is responsible for monitoring the process for preparing financial information;
- examines the annual company and consolidated financial statements;
- assesses the manner in which they have been drawn up and satisfies itself as to the appropriateness and consistency of the accounting principles and methods applied;
- participates in the selection of statutory auditors;
- supervises the statutory audit of the accounts.

The group audit and accounts committee met four times during the past fiscal year, on February 24, May 5, July 28, and September 22; minutes of these meetings were drawn up and sent to the deliberative bodies of the various federations and of CIC.
It examined the financial statements for the year ended December 31, 2014 in its meeting of February 23, 2015. There were no particular observations.

The compensation committee

The committee is in particular responsible for making recommendations and proposals on the compensation of the executive body and financial markets professionals.

The group ethics and compliance committee

Created within the scope of consolidation of the CM11 group, this committee has been instrumental in establishing a code of ethics for the group. Each year it draws up a report on the group's implementation of and compliance with ethical principles and the code of conduct.

Risk oversight procedures

Group risk department

As defined in the Decree of November 3, 2014, the group's risk management department is responsible for ensuring all risks involved in banking and non-banking activities are measured, monitored and controlled, as well as contributing to CM11's growth and profitability.
It therefore analyzes and conducts a regular and exhaustive review of all risks (credit, market, interest rate, operational, assets and liabilities management, refinancing, insurance etc.) and presents a summary to general management and the deliberative body.
In 2014, the risk department again improved its consolidated risk reporting which took an operational, comprehensive and prudential approach with regard to regulatory capital allocation and regulatory changes in progress, particularly in terms of the implementation of the new Basel III rules.
It participated in many cross-functional projects including projects related to AQR (Asset Quality Review) and the stress tests organized by the European Central Bank.
While monitoring the quality of its risk control procedures, the risk management department oversaw the follow-up of various ACPR missions and coordinated the implementation of recommendations and the process of reporting to the regulator on the follow-up of said recommendations.

Group risk monitoring committee

This committee is made up of members from the deliberative bodies and meets twice a year to examine strategic risk issues. It proposes to the board of directors, in light of its findings, any decisions of a prudential nature that are applicable group-wide involving the measurement, monitoring and control of risks.
Committee meetings are led by the chief risk officer, who is also responsible for presenting the files opened on the various risk areas based on work undertaken by the group risk committee. General management is also invited to the committee meetings, and the committee may also invite the heads of business lines involved in the agenda items.

Group risk committee

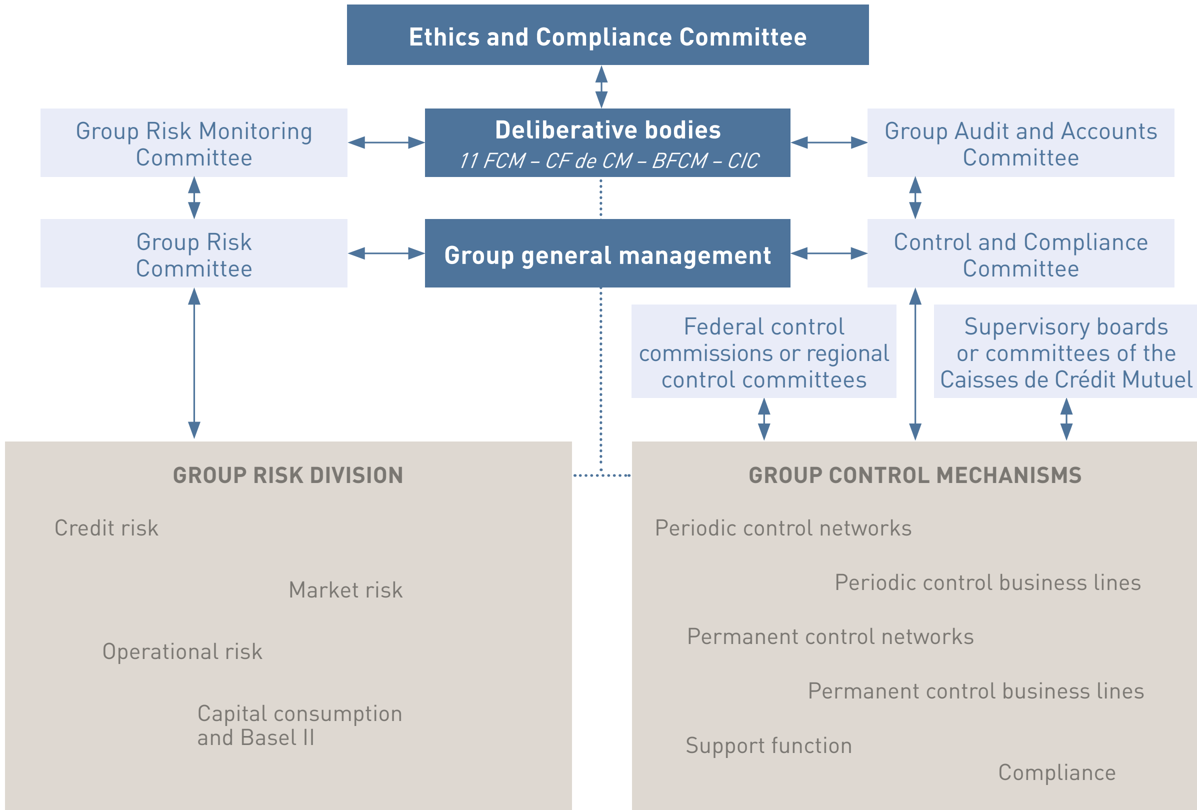
This committee meets quarterly in the presence of general management and the heads of the business lines and functions involved: retail banking, insurance, financing, refinancing, capital markets, commitments, and finance department.
Coordinated by the risk department, the group risk committee is responsible for the overall supervision of both existing and potential risk.

Operational risk coordination committee

This committee meets four times a year, bringing together the risk department and the group heads of permanent control and compliance. It is responsible in particular for proposing and coordinating action to protect against and reduce operational risks arising from any malfunctions detected.

... Internal control procedures

Internal control and risk management system



CIC's risk control and monitoring procedures

This section mentions only CIC's in-house oversight bodies, but CIC must also report on its work on a company basis to the supervisory authorities, which regularly conduct on-site audits.

Control mechanisms

General structure

Board of directors

In accordance with regulatory requirements, a report on internal control work is submitted to the board of directors of CIC twice a year, and the CIC annual internal control report is also submitted to it.

Levels of control

These are identical to those set up at group level, and totally integrated within the system. Designated teams perform periodic, permanent and compliance controls at CIC. They report to CIC and are linked on a functional level to the central group control division.
The CIC teams not only perform controls within the bank, but also take part in work and assignments throughout the CM11 group at the request of central divisions.

The specific control mechanism at CIC

As an integral part of CIC, CM-CIC Marchés' single treasury management team conducts all of the CM11 group's capital market refinancing activities in one trading room, with the aim of developing its ability to sell capital markets products to customers, and to strengthen its investment business line. Monitoring methods, procedures and trading limits are incorporated into a set of rules. The board of directors of CIC approves the strategy of each business line (refinancing, sales, investment), capital allocation, and the monitoring of limits and budgets.
Within this mechanism, capital markets activities are managed by various bodies:

- CM-CIC Marchés' management defines the strategy, analyzes the business, results, risks and compliance with limits and coordinates the operational aspects (information system, budget, human resources and procedures);
- the market risk committee meets once a month to monitor compliance with the rules and the decisions of CM-CIC Marchés' management and approves the operating limits within the overall limits set by CIC's management;
- the CM-CIC Marchés credit committee meets weekly to decide on applications for credit lines within the scope of powers granted by the CM11 commitments committee.

The internal control system relies partly on the work of the post-market departments, in charge of controlling risks, results, accounting and regulatory control, and secondly on a team dedicated to monitoring market activities, which reports to the head of permanent controls for business lines as well as on the compliance function.
In the same way as trading activities have been consolidated into a single structure, Large Accounts, specialized finance and international business are now subject to dedicated control procedures.

Control work

Control work, carried out in all areas in which the bank operates, draws on group level methods and tools as well as formal procedures. The results of these controls are used to generate recommendations, implementation of which is monitored.

Basel II project

In conjunction with the Confédération Nationale du Crédit Mutuel, an organization has been put in place within the group that enables regular control of the system. A procedural framework details the distribution of tasks among the various entities involved.
For managing operational risks, the group has been authorized by the French Prudential Supervisory Authority since 2010 to use the advanced approach.

Basel III project

The risk department is in charge of transition to the new regulatory constraints.

Common methods and tools

The control and risk management methods and tools continued to be harmonized. CIC benefits from the shared tools developed by the group support center, which notably include oversight functionalities.

Periodic control tools
These are aimed at providing a mapping of network risks, by consolidating all types of assignments based on a common catalog of points of control. They are regularly updated. Access to the information necessary for carrying out the controls is provided by the IT system.
In view of the group's growth, a project had been launched to develop a tool for monitoring the implementation of recommendations made by the group periodic control teams during their assignments and those made by the supervisory authorities. The PRECO tool was rolled out at the start of 2013.

Permanent control tools
Permanent controls on the branch network are performed remotely, essentially by using data from the information system. They complete the first level controls carried out on a daily basis by the heads of the operational units and regional coordination, assistance and control functions. They involve "internal control portals" which plan and structure the various tasks to be carried out with regard to hedging risks. The automated detection of cases in "risk alert" status, in accordance with predetermined anomaly criteria, is an essential part of good credit risk management. Other types of controls allow the quality of results obtained to be assessed so that resources can be deployed or inspections guided accordingly.

Compliance tools
Work continued on the implementation of systems for legal and regulatory surveillance and monitoring of compliance risk. The compliance function also has its own control areas within the "internal control portals" allowing it to check that regulatory provisions are being applied, notably with regard to business and professional ethics, protecting customers' interests, performing investment services and combating money laundering and the financing of terrorism. In 2014, a new tool called COMPLY was developed to monitor performance of the due diligence required under the US FATCA regulations.

Procedures

These are posted on the corporate intranet and are accessible at all times by all employees with the help of search engines. The control tools refer to them, and links have been created to make it easier to look up and apply procedures. Framework procedures established at group level (central control functions) in a number of areas, notably compliance, are applied within CIC.

Risk oversight system

Risk management

Credit risk management is organized into two structures: one focusing on the granting of loans and the other on risk measurement and the monitoring of commitments.
Commitments guidelines summarize the internal procedures of the lending arm of CM11 in accordance with applicable statutory, organizational and regulatory provisions. They describe in particular the systems for granting loans, for measuring and overseeing commitments and for managing total assets at risk. They contain attachments relating to capital markets activities as well as to the subsidiaries directly concerned.
Liquidity and interest rate risk management for the group banks is centralized (decisions of the former executive board of CIC and the board of directors of BFCM). Hedges are allocated to the entities concerned, in accordance with their needs. They are no longer authorized to take hedging decisions individually.
Overall measurement of market risk is based on the regulatory framework. Capital market activities are monitored in accordance with procedures that are formally recorded and independent in terms of organization and control.
The management of operational risk is performed and controlled in accordance with group procedures, coordinated by dedicated units. In particular, the security of the information systems and the putting in place of business continuity plans form part of the work carried out in this area. Operational risk is dealt with in detail in the Basel II project (see above).

Risk oversight

This is carried out by dedicated, independent teams, which have at their disposal tools designed on the one hand to provide a comprehensive aggregate overview of commitments, and on the other to carry out ongoing monitoring of risk, notably by means of an advance detection system for anomalies, monitoring of adherence to limits as well as changes in internal ratings.
Information for assessing trends in credit, market, ALM and operational risks is provided regularly to the management bodies and other responsible persons concerned. The risk department carries out general management with regard to the regulatory capital consumed by each activity by reference to the risks incurred and the return obtained.

... Internal control procedures

Accounting data and control at CIC and group levels

CIC's and CM11's finance departments, which are responsible for producing and validating the financial statements, are organized into two functional sections - networks and specialized businesses. The latter deals with financial accounting and consolidation, as well as accounting controls.
The information used for financial reporting is produced and validated by this department before being presented to the audit and accounts committee.

Controls on the bank's financial statements

Accounting system

Accounting architecture
This is based on an IT platform shared throughout 15 Crédit Mutuel federations and CIC's regional banks, and includes accounting and regulatory functions, in particular for:
- the chart of accounts, the structure of which is identical for all institutions of the same type managed through this platform;
- defining the automated templates and procedures shared by all the banks (means of payment, deposits and credits, day-to-day transactions, etc.);
- reporting tools (SURFI, consolidation software input, etc.) and oversight tools (management control).

Administration of the shared accounting information system is handled by the "accounting procedures and templates" divisions, which form independent units, either within the "network" finance department or the "specialized businesses" finance department.
More specifically, the latter are responsible for:
- managing the shared chart of accounts (creating accounts, defining the characteristics of the accounts, etc.);
- drawing up shared accounting procedures and templates, in accordance with tax and regulatory requirements; if necessary, the division concerned consults the tax department, and the templates are validated by a procedure involving various operational managers.

The "accounting procedures and templates" divisions do not report to, nor are they linked to, the departments that handle the actual accounting production. As such, the divisions involved in designing and administering the system architecture are separate from the other operational departments.
All accounts within CIC must be allocated to an operational department, which is responsible for maintaining and verifying the accounts. Therefore, an account cannot be "unallocated."
The organization and procedures in place provide assurance of compliance with the Decree of November 3, 2014 and the existence of an audit trail.

Chart of accounts
This is divided into two broad sections: third-party captions showing payables and receivables for individual third parties, and the general accounting captions.
Dedicated accounts are used for third party deposits and loans, enabling them to be monitored. For custody of negotiable securities, a "materials" accounting system distinguishes between securities owned by third parties and those owned by the bank. The chart of accounts for all the credit institutions using the shared IT platform contains unique identifiers and is managed by the "accounting procedures and templates" divisions.
The chart of accounts defines the following account properties:
- regulatory characteristics (link to the official chart of accounts of credit institutions (PCEC), link to the item in the publishable financial statements, etc.);
- certain tax aspects (VAT position, etc.);
- management characteristics (whether compulsory or not, link with the consolidated chart of accounts, length of time online transactions are stored, presence at headquarters/branch, etc.)

Processing tools

The accounting information processing tools rely primarily on internal applications designed by the group's IT divisions. There are also a number of specialized internal and external applications, particularly production software for management reporting and for balances and accounting reports, a file query processing utility, consolidation software, regulatory report processing, property and equipment management and filing of tax declarations.

Procedure for data aggregation

In accordance with the model defined by CM11, accounting data are aggregated for the following entities:

- the group (e.g. CIC);
- federations made up of one or more banks or other legal entities;
- banks belonging to a federation.

The bank (branches and central departments) is broken down into branches, which represent the basic unit of the accounting system. It is at this level that accounting entries are recorded.

Accounting consistency of management data

Each branch comprises an external branch for recording financial accounting data and an internal one that records cost accounting data. At the individual branch level, the figures used for management accounting purposes are obtained by combining the internal and external data. The group result is obtained by adding together the balances of the branches.

Links are established between financial accounting captions and the codes attributed to the products marketed by the bank. Cost accounting data are used to determine the results by business segment that are needed to prepare the consolidated financial statements.

Control methods

Automated controls

A series of automated controls are carried out when accounting records are processed and before transactions are allocated to ensure that records are balanced and valid, and to update the audit trail of the captions affected by the transaction.

In-house tools are used to control accounting transactions on a daily basis and to detect any discrepancies.

Closing process controls

At each closing date, financial accounting results are compared with forecast cost accounting data and data from the previous year, for purposes of validation. The forecast cost accounting data are generated by the management accounting department and the budget control department, both of which are independent from the production of financial statements.

This analysis particularly concerns:

- interest margins: for interest-rate instruments, including deposits, loans and off-balance-sheet transactions, the management accounting department calculates expected yields and costs based on average historical data. These are then compared with the interest rates actually recognized, for validation business segment by business segment;
- commission levels; based on business volume indicators, the management accounting department estimates the volume of commissions received and payable, compared with recognized data;
- overheads (personnel costs and other general operating expenses);
- net additions to provisions for loan losses (level of provisioning and recognized losses).

Procedures put in place

Accounting procedures and templates are documented. For the network, procedures are posted on the bank's intranet.

Levels of control

Daily accounting controls are performed by the appropriate staff within each branch.

The accounting control departments (controls/procedures and "specialized businesses" management accounting) also perform more general responsibilities involving regulatory controls, monitoring supporting evidence for internal and branch accounting data, control of the foreign exchange position, and of net banking income by business segment, accounting procedures and templates with CM11, and the interface between back offices and the statutory auditors for the half-yearly and annual closings.

Furthermore, the control departments (periodic, permanent, compliance) also perform accounting work. A dedicated accounting control portal has been put in place, and is in the process of being extended throughout the group.

Performing controls

Automated accounting controls

An automated daily control procedure based on the bank's daily balance allows the verification of balance sheet and off-balance sheet positions, asset/liability balances by branch and by currency, and the monitoring of technical accounts.

This procedure is also applied to the general ledger at the end of each month.

Evidencing the accounts

All balance sheet accounts are evidenced either by means of an automated control or by the department responsible for them. Reports by department evidencing accounts contain the results of checks carried out.

Controls on the consolidated financial statements

Accounting principles and methods

Adapting to regulatory developments

The system is periodically updated in line with regulatory developments (IFRS) or to improve the reliability of financial statement preparation.

IFRS compliance

IFRS accounting principles have been applied in group entities since January 1, 2005. The consolidated financial statements include a summary of them.

CIC and CM11 jointly define the French (CNC) and international (IFRS) accounting principles and methods to be applied by all group entities in their company-only financial statements. Foreign subsidiaries use this information to restate their local accounts in accordance with French and international accounting standards in their consolidation packages and for financial reporting purposes. The accounting principles used to consolidate the accounts conform to those of the Crédit Mutuel group.

The accounting managers of the various CM11 entities meet twice a year to prepare the half-yearly and annual closings.

... Internal control procedures

Individual company financial statements in accordance with IFRS are prepared for the relevant entities in the central IT system, using the same organization and team as for those drawn up in accordance with French (CNC) standards.

Reporting and consolidation

Consolidation process

The group uses a consolidation chart of accounts. Within the shared information system, each account in the chart of accounts is linked to the consolidation chart of accounts, in an identical way for all companies using the shared chart.

The consolidated accounts are prepared in accordance with a timetable distributed to all the subsidiaries and the statutory auditors, which includes, where applicable, changes in procedures and standards to be incorporated. Each consolidated subsidiary has one person in charge of its closing process and another in charge of reporting intercompany transactions between fully consolidated companies.

In accordance with their professional standards, the statutory auditors for the consolidation also give the statutory auditors of the consolidated companies instructions aimed at ensuring that the subsidiary complies with the various rules.

A dedicated software package, one of the main standard tools on the market, is used to consolidate the accounts. Data input (consolidation packages) is partially automated, using an interface developed on the accounting information system. This system makes it possible to automatically retrieve balances and ensure that company-only and consolidated data are consistent.

Reporting and data control

Companies cannot submit their consolidation package before a number of consistency checks that are programmed into the input software have been carried out. These control checks (currently more than 600), established by the consolidation departments, cover a large number of aspects (changes in equity, provisions, fixed assets, cash flows, etc.) "Blocking" controls prevent a package from being transmitted by the subsidiary and can only be overridden by the central consolidation departments.

Consistency checks against company-only data are also performed by the consolidation department upon receipt of the consolidation packages (level of results, intermediate balances, etc.)

Finally, systematic reconciliation statements between company-only and consolidated data are generated for equity and earnings. This process, which ensures consistency in the transition between the statutory and consolidated series, is carried out without using the consolidation software, thus leading to validation of the consolidated data.

Analysis of accounting and financial information

The consolidated financial statements are analyzed in relation to the previous year, to the budget and to quarterly accounting and financial reports. Each analysis covers a specific area, such as provisions for loan losses, trend in outstanding loans and deposits, etc. Observed trends are corroborated by the departments concerned, such as the lending and management control divisions of the various entities. Each entity's contribution to the consolidated financial statements is also analyzed.

Each time a closing involves the publication of financial data, this information is presented to CIC's general management and board of directors by the finance department. This report presents the breakdown of income, the balance sheet position and the current business situation, including the reconciliation of non-accounting data (rates, average capital, etc.).

The accounting work gives rise to a regular presentation to the group audit and accounts committee.

Conclusion

Drawing on common methods and tools, CIC's internal control and risk oversight mechanism fits into CM11's system of controls, forming a coherent whole, appropriately adapted to the group's different activities in France and internationally. It meets banking and finance regulatory requirements and conforms to the operational principles established by the group. It is our ongoing objective to consolidate and further improve efficiency.

Nicolas Théry
Chairman of the board of directors

STATUTORY AUDITORS' REPORT

pursuant to Article L.225-235 of the French Commercial Code on the report of the chairman of the board of directors of CIC

Year ended December 31, 2014

To the stockholders,

In our capacity as Statutory Auditors of the company CIC, and in accordance with Article L.225-235 of the French Commercial Code, we hereby report to you on the report prepared by CIC's chairman in accordance with Article L.225-37 of the French Commercial Code for the year ended December 31, 2014.

It is the chairman's responsibility to submit to the board of directors for its approval a report on the internal control and risk management procedures implemented by CIC and containing the other information required under Article L.225-37 of the French Commercial Code, relating in particular to corporate governance procedures.

It is our responsibility:
- to report to you on the information set out in the chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, and;
- to certify that the report contains the other information required under Article L.225-37 of the French Commercial Code. It is not our responsibility to verify the fairness of this other information.

We performed our procedures in accordance with French professional standards.

Information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information

These standards require that we perform procedures to assess the fairness of the information set out in the chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information. These procedures mainly consist of:
- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the chairman's report is based, as well as of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in internal control relating to the preparation and processing of financial and accounting information that we may have identified during the course of our work are properly described in the chairman's report.

On the basis of our work, we have no matters to report as to the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information contained in the chairman of the board of directors' report, prepared in accordance with Article L.225-37 of the French Commercial Code.

Other information

We certify that the chairman's report contains the other information required under Article L.225-37 of the French Commercial Code.

Neuilly-sur-Seine and Paris-La Défense,
April 21, 2015

The Statutory Auditors

PricewaterhouseCoopers Audit
Agnès Hussherr Jacques Lévi

Ernst & Young et Autres
Olivier Durand

STATUTORY AUDITORS' SPECIAL REPORT

on regulated agreements and third party commitments

General meeting of stockholders called to approve the financial statements for the year ended December 31, 2014

To the stockholders,

In our capacity as Statutory Auditors of CIC, we hereby report to you on regulated agreements and third party commitments.
It is our responsibility to report to you, based on the information provided to us, on the main terms and conditions of agreements and commitments that have been disclosed to us or that we identified during the audit, without commenting on their relevance or substance or seeking to identify any other agreements and commitments. In accordance with the provisions of Article R.225-31 of the French Commercial Code, it is for you to determine whether these agreements and commitments are appropriate and should be approved.
Furthermore, it is our responsibility, if applicable, to provide you with the information provided for in Article R.225-31 of the French Commercial Code relating to the execution, during the year under review, of agreements and commitments already approved by the Stockholders' meeting.
We carried out the work we considered necessary in view of the professional standards of the French Statutory Auditors' Association *(Compagnie Nationale des Commissaires aux Comptes)* relating to this assignment. This included performing procedures to verify that the information given to us agreed with the underlying documents.

Agreements and commitments submitted to the general meeting of stockholders for approval

Pursuant to Article L.225-40 of the French Commercial Code, we have been informed of the following agreements and commitments already authorized by the company's board of directors.

With Nicolas Théry, chairman of the board of directors of CIC

Nature and purpose

Termination indemnity for Nicolas Théry, chairman of the board of directors of CIC.

Terms and conditions

A termination indemnity agreement was submitted to the board of directors for approval in its meeting of December 11, 2014. This agreement concerns the establishment of a termination indemnity for Nicolas Théry, chairman of the board of directors of CIC.
This indemnity is set at one year of gross salary calculated on the basis of the average of the last twelve months preceding the termination of his office. Payment of this indemnity is subject to the achievement of the following performance objective: the CM11 group's consolidated total equity in accordance with IFRS, excluding any capital contributions or reductions, excluding any accounting impacts from Crédit Mutuel federations joining CM11 subsequent to December 31, 2014, and excluding changes in revenue that may be "recycled," will have to have increased on average by at least €1 billion per year for the period from January 1, 2015 to the date of termination.
This agreement was approved with immediate effect by the board of directors at its meeting of December 11, 2014.
This agreement had no effect on CIC's income statement for 2014.

Agreements and commitments already approved by the general meeting of stockholders

Pursuant to Article R.225-30 of the French Commercial Code, we were informed that the following agreements and commitments, already approved by the general meeting of stockholders in previous years, continued to be executed during the year ended December 31, 2014.

1. With Caisse de Refinancement de l'Habitat (CRH) and Banque Fédérative du Crédit Mutuel (BFCM)

Persons concerned

Nicolas Théry, chairman of the board of directors of CIC.
Alain Fradin, chief executive officer of CIC.
Jean-Louis Girodot, director of CIC.
Daniel Leroyer, director of CIC.
Jacques Humbert, permanent representative of BFCM.

Nature and purpose

Agreement on the concentration of the refinancing in favor of Caisse de Refinancement de l'Habitat (CRH) between Banque Fédérative du Crédit Mutuel and CIC.

Terms and conditions

In its August 29, 2007 meeting, the supervisory board authorized the executive board to have BFCM handle the refinancing granted by CRH, and, in particular, to:
- authorize BFCM to act on behalf of CIC in its dealings with CRH;
- grant BFCM, through CIC, a guarantee in favor of CRH based on its mortgage loan portfolio;
- sell to BFCM, CIC's 891,346 CRH shares, which carried 1,005 voting rights, for a total of €14.1 million.

In 2014 this guarantee agreement generated revenue for CIC of €2.35 million on guaranteed outstandings of €1,051.65 million.

2. With Cigogne Fund for the functioning of Cigogne Fund accounts opened by Banque de Luxembourg with Euroclear

Persons concerned

Nicolas Théry, chairman of the board of directors of CIC.
Alain Fradin, chief executive officer of CIC.

Nature and purpose

Guarantee issued by CIC to Euroclear in respect of the functioning of Cigogne Fund accounts opened by Banque de Luxembourg with Euroclear.

Terms and conditions

In its August 29, 2007 meeting, the supervisory board authorized the management board to have BFCM handle the refinancing granted by CRH under the following terms and conditions:
Cigogne Fund is a Luxembourg-based hedge fund. Banque de Luxembourg, in its capacity as custodian and administrator of Cigogne Fund, opened an account with Euroclear Bank.
In its meeting of December 14, 2006, CIC's supervisory board authorized the signing of an agreement with Euroclear with a view to:

- opening a credit line for USD 1 billion in favor of Cigogne Fund;
- granting a guarantee to Euroclear for the same amount, for the functioning of Cigogne Fund accounts opened by Banque de Luxembourg with this sub-custodian.

This agreement had no effect on CIC's income statement for 2014.

Neuilly-sur-Seine and Paris-La Défense,
April 21, 2015

The Statutory Auditors

PricewaterhouseCoopers Audit	Ernst & Young et Autres
Agnès Hussherr Jacques Lévi	Olivier Durand

Financial information

3

CONSOLIDATED FINANCIAL STATEMENTS

Executive board's management report

A pivotal year

In 2014, different countries took different paths out of the crisis after the economic upturn that buoyed the confidence of private economic agents in 2013 in major developed countries. In the second half of the year, the sharp drop in oil prices reshuffled the deck. By pushing the inflation outlook down, the decline in energy costs prompted the US and UK central banks to gradually change their tone and take a more cautious stance, pushing back expectations for the first hike in key interest rates in both countries. Eurozone growth disappointed, reinforcing expectations of further monetary easing by the European Central Bank (ECB). These developments caused sovereign yields in risk-free countries to fall throughout the year. Certain emerging countries were able to put an end to the cycle of key interest rate hikes, giving their economies some room to breathe.

Europe: the recovery disappoints

In the eurozone, the year was characterized by a series of disappointments on the growth front, resulting in a significant decrease in inflation rates (-0.2% in December). The ECB took significant action to address this situation, making a series of decisions (lowering its key interest rates and establishing asset-purchase programs (asset-backed securities and covered bonds) or long-term financing programs –Targeted Long-Term Refinancing Operations). The institution also carried out an in-depth bank asset review, which gives banks some leeway to accelerate their lending activity. For the time being, however, these decisions have not had a notable impact on the real economy. This observation, together with the impact oil prices have had on inflation, increased the likelihood of additional large-scale announcements in early 2015, particularly as political stability remains fragile in certain countries, including Greece, after its failure to elect a new president. At the same time, the European Commission has taken a more conciliatory stance on matters of fiscal policy. It has indicated it could ease deficit targets in exchange for a focus on public investments and structural reforms.

This change in stance is important for France, as Brussels had raised the alarm over its situation multiple times. In response, the French Ministry for the Economy and Finance has promised several types of reforms, including a growth act put forward by Economy Minister Emmanuel Macron. At the same time, the French government has agreed to lower the tax burden on businesses as part of the "Pacte de responsabilité" (Responsibility Pact), and promised the equivalent of €50 billion in fiscal savings between 2015 and 2017.

United States, United Kingdom: the gap is widening

In the United States, adverse weather conditions put a dent in activity early in the year. Subsequently, positive data, including an improvement in the job market, nevertheless provided reassurance that growth was strong. The economy showed sufficient resilience for the Federal Reserve to end its monthly asset-purchase program. The risks to the recovery, combined with the sharp fall in oil prices, prompted the Fed to maintain a highly accommodative bias. While lower oil prices give households greater purchasing power, they also buy the Fed some time and allow it to delay its interest rate hikes. In the United Kingdom, as in the United States, economic activity maintained its very strong momentum. Signs of weakness were nevertheless confirmed, with an overreliance on real estate. The Bank of England therefore postponed taking action, as it too is enjoying some leeway given the impact of falling oil prices.

Japan: victory not yet at hand

In Japan, the negative shock resulting from the increase in the sales tax in April 2014 (from 5% to 8%) led to a technical recession. Against this backdrop, the Bank of Japan launched another massive quantitative easing program in October which drove the yen to record lows. At the same time, Prime Minister Shinzo Abe decided to delay the second tax increase, previously scheduled for October 2015, and to hold early legislative elections, which he won on December 14. But his structural reforms have failed to convince and are not sufficient to avoid further central bank action in the coming months.

Emerging countries: a reprieve for the reformers

The Fed's caution was a plus for emerging countries, as it slowed the repatriation of cash flows to developed countries. Several of these countries took advantage of this reprieve to carry out structural reforms, particularly India and China. Significant vulnerabilities remain, especially for oil producers which have been particularly affected by falling prices. Russia is a special case as it was subject to sanctions imposed by Western countries and a high level of mistrust which led to significant outflows of capital and a collapse in the ruble (which lost nearly half its value over the year).

Business performance and results

Accounting principles

Pursuant to regulation (EC) 1606/2002 on the application of international accounting standards and regulation (EC) 1126/2008 on the adoption of said standards, the consolidated financial statements for the year ended December 31, 2014 have been drawn up in accordance with IFRS as adopted by the European Union at December 31, 2014. This IFRS framework includes IAS 1 to 41, IFRS 1 to 8 and 10 to 12 and any SIC and IFRIC interpretations adopted at that date. Standards not adopted by the European Union have not been applied.
All IAS and IFRS were updated on November 3, 2008 by regulation 1126/2008, which replaced regulation 1725/2003. These standards are available on the European Commission's website at:
http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

The format of the financial statements corresponds to *Autorité des normes comptables* (French accounting standards authority) recommendation no. 2013-04 on IFRS primary financial statements. The financial statements comply with international accounting standards as adopted by the European Union. The disclosures relating to risk management required by IFRS 7 are set out in a separate section of the board of directors' report.

Changes in consolidation scope

The changes during the year were:
- CM-CIC Capital et Participations was newly consolidated;
- Sofim was absorbed by CIC Nord Ouest;
- Serficom Family Office Inc., Agefor SA Genève, Banca Popolare di Milano, Pasche Bank&Trust Ltd, and Banque Pasche (Liechtenstein) AG were removed from the consolidation scope (sold);
- Saint-Pierre SNC, CM-CIC Securities London Branch and Lafayette CLO 1 Ltd were removed from the consolidation scope (non-material activities were deconsolidated);
- Calypso Management Company and LRM Advisory SA were dissolved.

Furthermore, following the sale of Banca Popolare di Milano, companies that held shares only in this entity were deconsolidated at June 30, 2014. These companies were: CIC Migrations, Cicor, Cicoval, Efsa, Gestunion 2, Gestunion 3, Gestunion 4, Impex Finance, Marsovalor, Pargestion 2, Pargestion 4, Placinvest, Sofiholding 2, Sofiholding 3, Sofiholding 4, Sofinaction, Ufigestion 2, Ugépar Service, Valimar 2, Valimar 4, VTP1, and VTP5.

Analysis of the consolidated statement of financial position

The main changes in the consolidated statement of financial position items were as follows:
- customer deposits increased by 8.0% to €121.9 billion. The reclassification of repos classified under the fair value option until 2013 accounted for 40% of this increase. New transactions have been classified under lending/borrowing, and income and expense from repos are recorded as accrued interest and no longer marked to market so as to better reflect the economic reality of these financing transactions. Excluding repos, bank deposits rose by 4.8%.
  Current accounts were up by 17.5% and home savings plans and accounts by 9.1%, while retail certificates of deposit and term deposits were down by 8.8%. The savings book balance remained stable (up 0.5%).
- net customer loans, including lease financing, amounted to €146.7 billion at December 31, 2014, up 7.3% compared with the previous year end; 66% of this amount resulted from the repo reclassification. Excluding repos, growth in loans was 2.5% with, among others, a 3.1% increase in capital asset financing to €29 billion. Finance lease outstandings rose by 4.9% to €9.3 billion and treasury facilities by 2.1% to €20.9 billion. Home loans reached €65.3 billion, up 0.8%;
- the "loans/deposits" ratio, i.e. total net loans to bank deposits, continued to improve to stand at 120.4% at December 31, 2014 compared with 121.2% one year earlier;
- customer funds invested in savings products[1] rose 8.5% to €245.5 billion;
- total equity and reserves attributable to equity holders of the company were €12,202 million compared with €11,130 million at December 31, 2013. Without transitional measures, Basel 3 Common Equity Tier 1 capital was €10.8 billion, the Common Equity Tier 1 capital adequacy ratio was 11.5%, the total ratio was 12.1% and the leverage ratio was 4.2%. These figures confirm the group's soundness.

Analysis of the consolidated income statement

Net banking income was unchanged at €4,410 million. The impact of the change in the accounting classification for repos was minimal (€1.6 million), as the transactions in question had short maturities.
The retail banking segment's net banking income represented more than 75% of total net banking income.
General operating expenses remained under control at €2,911 million. The cost/income ratio was 66% compared with 64.7% in the year-ago period.
Net additions to/reversals from provisions for loan losses fell by 44%, from €367 million at end-2013 to €206 million. Actual net provisioning for known risks fell from €332 million to €203 million, accounting for 80% of this decline.
The net provisioning for known risks in relation to outstanding loans fell from 0.22% to 0.18% and the overall non-performing loans provisioning ratio was 49.7% at December 31, 2014.
The share of income of associates and gains on disposals of non-current assets was €189 million compared with €69 million at end-2013. The difference was due mainly to the sale of securities of Banca Popolare di Milano (BPM), of which CIC held 6.6% of the capital.
Net income rose 32% to €1,124 million compared with €851 million in 2013.

Ratings

CIC's ratings have remained unchanged since Standard & Poor's placed the Crédit Mutuel group entities and 14 other European banks under negative watch on April 29, 2014. This change was the result of the European Parliament's approval, on April 15, 2014, of the EU Bank Recovery and Resolution Directive.

(1) Amount outstanding at month end including financial securities issued.

CIC's ratings are as follows:

At April 3, 2015	Standard & Poor's	Moody's	Fitch Ratings
Short term	A-1	P-1	F1
Long term	A	Aa3	A+
Outlook	Negative	Negative	Stable

Business performance

Description of business lines

CIC's business segments reflect its organizational structure (see chart on page 8).
Retail banking, CIC's core business, comprises all the banking and specialized activities whose products are marketed by the regional banking network, organized around five regional segments, and the CIC network in the Greater Paris region: life insurance and property-casualty insurance, equipment operating and finance leasing, real estate leasing, factoring, fund management, employee savings plan management and real estate.
Financing encompasses credit facilities for large corporates and institutional customers, specialized financing (export financing, project and asset financing, etc.), international operations, and foreign branches.
Capital markets activities comprise investments in activities involving fixed income instruments, equities and foreign currencies ("ITAC") as well as brokerage services.
Private banking offers a broad range of finance and private asset management expertise to entrepreneurs and private investors, both in France and abroad.
Private equity includes equity investments, M&A advisory and financial and capital markets engineering.
The holding company services segment includes all activities that cannot be attributed to one of the other business segments.

Results by business segment

Introduction
Data at end-2013 have been restated to adjust for the impact of the deconsolidation of CM-CIC Gestion at December 31, 2013 and of SNC Saint-Pierre at January 1, 2014. At December 31, 2013, this resulted in a €19 million decline in net banking income and a €17 million decrease in general operating expenses. Restated data are indicated with an asterisk.

Retail banking

(in € millions)	2014	2013	Change 2014/2013	2013 restated*	Change 2014/2013*
Net banking income	3,327	3,330	-0.1%	3,311	0.5%
Operating income before provisions	1,133	1,128	0.4%	1,126	0.6%
Income before tax	1,020	918	11.1%	916	11.4%
Net income attributable to owners of the company	688	604	13.9%	602	14.3%

Lending by retail banking rose by 1.4% to €118 billion, due in part to capital asset financing (up 2.4%) and to finance leases and similar transactions (up 4.9%). Retail banking deposits increased by 6.3% to €92.2 billion, boosted by growth in current accounts in credit (up 10.4% to €32.5 billion), retail certificates of deposit and term deposits (up 7.2% to €26.2 billion) and home savings plans and accounts (up 9.1% to €7.7 billion).
Retail banking's net banking income of €3,327 million was very slightly higher than in 2013 (€3,311* million).
Net fee and commission income received accounted for 41% of net banking income, down a modest 2.3% from 2013.
General operating expenses were under control at €2,194 million (€2,185* million in 2013).
Net additions to/reversals from provisions for loan losses fell by 25% to €234 million compared with €312 million in 2013.
The resulting income before tax rose 11% to €1,020 million from €918 million one year earlier.

Banking network

The banking network had 2,047 branches at December 31, 2014 and 4,773,895 customers (up 1.9% compared with end-December 2013).
Loan outstandings rose by 0.5% to €103.2 billion at December 31, 2014. With the exception of treasury facilities, which fell by 4%, all categories of lending rose, including capital asset financing, which was up 2.1%. Home loans remained stable at +0.1%.
Deposits stood at €90.5 billion, up 6% compared with end-December 2013. Current accounts, retail certificates of deposit and term deposits, and home savings plans and accounts rose by 10.6%, 6.3%, and 9.1%, respectively. Savings books were stable at +0.1%.
Customer funds invested in savings products rose by 2.2% to €56.6 billion.
Insurance expanded further and reported growth in most of its segments on a number of policies basis.

The number of property and casualty policies increased to 3,298,402 (number of policies in issue up 4%) and the services businesses rose by:

• 4.3% in remote banking to 1,792,769 contracts;
• 10% in telephony services (378,436 contracts);
• 7.9% in electronic surveillance (84,153 contracts);
• 6.2% in electronic payment terminals (120,634 contracts).

Net banking income for the banking network rose by 0.7% to €3,134 million, compared with €3,111 million in 2013, due to the improvement in net interest margin (up 3.7%). Despite increases in insurance and financial fees of 5.6% and 5.5%, respectively, fee and commission income fell by a slight 0.4% due to new regulatory requirements (interchange fee, SEPA, electronic payment systems). General operating expenses were €2,070 million (compared with €2,066 million at end-2013) and net additions to/reversals from provisions for loan losses were €230 million, down €74 million at both the actual net provisioning for known risks and the collective provisions level. Income before tax for the banking network thus rose by more than 12% to €834 million compared with €743 million in 2013.

Retail banking's specialized products and services

These activities generated net banking income of €193 million at end-2014 compared with €200 million at end-2013 and income before tax of €186 million (€173* million at end-2013), more than two-thirds of which was the share of income from the CM11 group's insurance business, which rose by 15%.

Corporate banking

(in € millions)	2014	2013	Change 2014/2013
Net banking income	328	278	18.0%
Operating income before provisions	239	193	23.8%
Income before tax	190	155	22.6%
Net income attributable to owners of the company	133	104	27.9%

Loan outstandings in the financing segment were €10.9 billion at December 31, 2014.
At €328 million, net banking income in 2014 benefited from the improvement in net interest margin and other items of net banking income, which rose by 26% compared with 2013. Even though general operating expenses and net additions to/reversals from provisions for loan losses grew by €4 million and €11 million, respectively, income before tax increased by €35 million to €190 million (€155 million in 2013).

Capital markets activities

(in € millions)	2014	2013	Change 2014/2013
Net banking income	304	473	-35.7%
Operating income before provisions	129	307	-58.0%
Income before tax	208	300	-30.7%
Net income attributable to owners of the company	157	185	-15.1%

The capital markets division generated net banking income of €304 million in 2014 (€473 million in 2013). There was a net provision reversal of €79 million on the RMBS portfolio in New York, compared with an addition of €7 million at the end of 2013.
Income before tax fell from €300 million to €208 million.

Private banking

(in € millions)	2014	2013	Change 2014/2013
Net banking income	458	444	3.2%
Operating income before provisions	120	115	4.3%
Income before tax	119	109	9.2%
Net income attributable to owners of the company	88	71	23.9%

Bank deposits in private banking increased by 4.8% to €16.5 billion and loan outstandings stood at €10.4 billion (up 21.9% from 2013). Savings under management and held in custody were up 10.3% to €79.3 billion.
Net banking income grew by 3.2% to €458 million, compared with €444 million a year earlier. With a limited €9 million increase in general operating expenses and net additions to/reversals from provisions for loan losses totaling €2 million in 2014 (€7 million in 2013), income before tax increased by 9.2% to €119 million (€109 million at end-2013).

Private equity

(in € millions)	2014	2013	Change 2014/2013
Net banking income	149	119	25.2%
Operating income before provisions	111	85	30.6%
Income before tax	111	85	30.6%
Net income attributable to owners of the company	110	86	27.9%

The total amount invested stood at €1.8 billion, including €278 million invested in 2014. The portfolio comprises 459 investments. Thanks to the positive performance by financial markets, especially midcaps, and the generation of significant capital gains, the private equity business reported net banking income of €149 million at December 31, 2014, compared with €119 million in 2013, and income before tax of €111 million, compared with €85 million a year earlier.

Headquarters and holding company services

(in € millions)	2014	2013	Change 2014/2013
Net banking income	(156)	(178)	N/A
Operating income before provisions	(233)	(250)	N/A
Income before tax	(166)	(287)	N/A
Net income attributable to owners of the company	(60)	(205)	N/A

Net banking expense for 2014 included mainly:
- financing of working capital and the cost of subordinated notes (€82 million in 2014 compared with €113 million in 2013);
- financing of the network expansion plan (€79 million in 2014 compared with €86 million in 2013);
- net loss and provision of €8 million on the sale of investments in non-consolidated companies (net gain of €10 million in 2013).

General operating expenses increased from €72 million in 2013 to €77 million in 2014.
Net additions to/reversals from provisions for loan losses were zero (versus €3 million in 2013).
The share of income of associates was €68 million compared with a loss of €34 million one year earlier. This change was due mostly to the sale of securities of Banca Popolare di Milano (BPM), of which CIC held 6.6% of the capital.
As a result, income before tax came to -€166 million compared with -€287 million at end-2013.

Information on sites included in the consolidation scope in accordance with Article 7 of law no. 2013-672 of July 26 of the French Monetary and Financial Code, amending Article L.511-45, and Decree no. 2014-1657 of December 29, 2014

2014: Sites by country	Business line
Germany	
CM-CIC Leasing GMBH	Banking network subsidiary
Belgium	
Banque Transatlantique Belgium	Private banking
CM-CIC Leasing Benelux	Banking network subsidiary
Brazil	
Serficom Brasil Gestao de Recursos Ltda	Private banking
Serficom Family Office Brasil Gestao de Recursos Ltda	Private banking
United States	
CIC New York (branch)	Financing and capital markets

2014: Sites by country	Business line
France	
Adepi	HQ, holding company services and logistics
Banque Transatlantique	Private banking
CIC Est	Retail banking
CIC Lyonnaise de Banque	Retail banking
CIC Nord Ouest	Retail banking
CIC Ouest	Retail banking
CIC Participations	HQ, holding company services and logistics
CIC Sud Ouest	Retail banking
CM-CIC Asset Management	Banking network subsidiary
CM-CIC Bail	Banking network subsidiary
CM-CIC Capital et Participations	Private equity
CM-CIC Capital Finance	Private equity
CM-CIC Capital Innovation	Private equity
CM-CIC Conseil	Private equity
CM-CIC Épargne Salariale	Banking network subsidiary
CM-CIC Factor	Banking network subsidiary
CM-CIC Investissement	Private equity
CM-CIC Lease	Banking network subsidiary
CM-CIC Proximité	Private equity
CM-CIC Securities	Capital markets
Crédit Industriel et Commercial - CIC	Banking
Dubly-Douilhet Gestion	Private banking
Gesteurop	HQ, holding company services and logistics
Groupe des Assurances du Crédit Mutuel (GACM)	Insurance
Sudinnova	Private equity
Transatlantique Gestion	Private banking
Luxembourg	
Cigogne Management	Capital markets
Banque de Luxembourg	Private banking
Banque Transatlantique Luxembourg	Private banking
Diversified Debt Securities SICAV - SIF	Capital markets
Divhold	Capital markets
Monaco	
Trinity SAM (formerly Banque Pasche Monaco)	Private banking
United Kingdom	
Banque Transatlantique London (branch)	Private banking
CIC London (branch)	Corporate banking
Singapore	
Banque Transatlantique Singapore Private Ltd	Private banking
CIC Singapore (branch)	Financing, capital markets and private banking
Switzerland	
Banque CIC (Suisse)	Private banking
Banque Pasche	Private banking
Pasche Finance SA	Private banking
Serficom Family Office SA	Private banking

2014: Information by country	Net banking income	Income before tax	Corporate income tax	Other taxes	Government subsidies received	Employees FTE
Germany	4	3	(1)	(1)		1
Bahamas	0	0	0	0		9
Belgium	16	9	(2)	(1)		27
Brazil	1	0	0	0		2
USA	127	164	(37)	(4)		84
France	3,813	1,168	(292)	(678)		18,379
Cayman Islands	1	1	0	0		
Italy	0	(7)	0	0		
Liechtenstein	0	0	0	0		13
Luxembourg	259	100	(15)	(16)		769
Monaco	0	0	0	0		0
United Kingdom	42	36	(8)	(2)		49
Singapore	62	17	(2)	(2)		210
Switzerland	85	(9)	(1)	(12)		350
TOTAL	**4,410**	**1,482**	**(358)**	**(716)**		**19,893**

Recent developments and outlook

In 2015, CIC is focusing on expanding its commercial activity by offering all its customers products and services tailored to their requirements. Bolstered by cutting-edge technology, it places customer relations – via both actual contact and digital means – at the heart of its strategy. A bank for self-employed professionals and companies, CIC plays an active part in economic developments in the regions. As a bank for individuals and associations, every day it helps bring to fruition the projects that build our society.
By focusing on growth, efficiency and risk control and supported by the professionalism of its employees and its parent company, Crédit Mutuel (now, together with its subsidiaries, a powerful European group), CIC has developed the resources to meet the challenges of the coming years.

Significant changes

There have been no significant changes in CIC's commercial or financial position since the end of the last financial year for which audited financial statements have been published.

Executive compensation

See "Corporate governance" on page 52.

Variable compensation of "risk takers"

See "Corporate governance" on page 54.

Risk management

This section sets out the information required by IFRS 7 regarding risk exposures arising from financial instruments.
The figures provided in this section have been audited, except for those specifically marked with an asterisk(*), which have been checked for accuracy and consistency as stipulated in Article L.823-10 of the French Commercial Code, as has the rest of the board of directors' report.
The periodic and permanent control functions and the compliance function provide strict oversight of processes across all business activities.
The controls implemented, the review of the reports and the action plans undertaken are described in the report by the chairman of the board of directors to the general meeting of stockholders on pages 56 to 66.
The risk management department consolidates overall risk monitoring and optimizes risk control by measuring the capital allocated to each business and analyzing return on equity.

Credit risk

a - Organization of the lending unit

In accordance with applicable regulations, the lending unit is organized mainly around the two following mechanisms:
- loan origination procedures;
- risk assessment and the monitoring of commitments and management of at-risk items.

The lending unit and exposure management are organized based on a single set of guidelines that prescribes the rules and practices applicable within the group.

Loan origination procedures

Loan origination draws on know-your-customer, risk assessment and credit approval procedures.

Know-your-customer
The close ties that have been formed with the economic environment are the basis for obtaining information about existing and prospective customers. Customer segments have been defined and risk-profiled, which determines the targeting of marketing efforts. A loan file is prepared as evidence to support the credit approval process.

Risk assessment
Risk assessment draws on various analyses performed at different stages in the lending cycle including, in particular:
- customer ratings;
- risk groups;
- the weighting of products in accordance with the type of risk involved and collateral and guarantees pledged.

Employees concerned receive regular refresher training on risk supervision and oversight.

Customer ratings: a single system for the entire group
In accordance with the applicable regulations, the rating is at the heart of the group's credit risk procedures: approval, payment, pricing and monitoring. As such, all approval powers are based on the counterparty's rating. Generally speaking, the lending unit approves the internal ratings of all loan files that it handles.
Rating algorithms and expert models have been developed to improve the group's credit risk assessment and to comply with the regulatory requirements concerning internal rating approaches.
This rating system is common to the entire Crédit Mutuel group.
Confédération Nationale du Crédit Mutuel (CNCM) is responsible for defining the rating methodologies for all portfolios. Nevertheless, the regional entities are directly involved in carrying out and approving working parties' assignments on specific subjects and the work related to data quality and applications acceptance tests.
The group's counterparties that are eligible for internal approaches are rated by a single system.
Models (algorithms or grids) are used to differentiate and correctly classify risk. The assessment scale reflects the manner in which the risk changes and is broken down into nine non-default positions (A+, A-, B+, B-, C+, C-, D+, D- and E+) and three default positions (E-, E= and F).
Monitoring of the rating models focuses on three aspects: stability assessment, performance and additional analyses. CNCM is responsible for this monitoring, which covers each rating model.

Risk groups (counterparties)
Article 3 of CRBF regulation 93-05 states that individuals or legal entities that are related in such a manner that it is likely that if one of them encounters financial problems, the others would also encounter repayment difficulties, are considered as a single beneficiary.
The risk groups are established based on a procedure that incorporates the provisions of the above regulation.

Product and guarantee weightings
When assessing the counterparty risk, a weighting of the nominal commitment may be applied, based on a combination of the loan type and the nature of the guarantee.

Credit approval process
The credit approval process is essentially based on:
- a formalized risk analysis of the counterparty;
- the rating applied to the counterparty or group of counterparties;
- approval levels;
- the principle of dual review;
- rules for setting maximum discretionary lending limits as a function of the lender's capital;
- remuneration adapted to the risk profile and capital consumption.

Management of the decision-making circuit is automated and is conducted in real-time: immediately upon completion of a loan application, the electronic dossier is transmitted to the decision maker at the appropriate level.

Approval levels
The customer relationship manager is responsible for ensuring the completeness, quality and reliability of the information collected. In accordance with Article 107 of the order of November 3, 2014, he compiles loan files intended to formalize all qualitative and quantitative information on each counterparty. He checks the reliability of the information gathered either with customers or using any external means (sector studies, annual reports, legal information and rating agencies) or internal means at his disposal. Each customer relationship manager is responsible for any decisions he takes or causes to be taken and is endowed with personal approval powers.
For loan files whose amount exceeds the personal approval powers, the decision falls to a credit approval committee whose operating rules are covered by procedures.

Approval powers reflect a range of commitment caps based on:
- the rating;
- the total amount of commitments for a given counterparty or risk group, weighted where relevant depending on the type of loan concerned or the eligible guarantees;
- any specific exclusions.

Role of the lending unit

Each regional bank has a lending team that reports to the bank's executive management and is independent of the operational departments. It has two key roles and is therefore split into two independent teams, whose responsibilities are as follows:
- one team is responsible for checking that the loan origination decisions are appropriate based on the dual review principle while verifying that the expected return is commensurate with the risk taken;
- the other team is responsible for prudential oversight and credit risk assessment arrangements, and also performs permanent controls.

Risk assessment, commitment monitoring procedures and management of at-risk items

In accordance with the prevailing regulations, commitments are monitored by national and regional entities.

Risk measurement

To measure risk, CIC uses an array of tools that provide an aggregated, static and dynamic view of:
- the exposure to a given counterparty or group of counterparties;
- new and existing loans, based on elements adapted to suit the business lines concerned (rating, market, lending products, business segments, remuneration, etc.).

Each commercial entity has information systems and is therefore able to check compliance on a daily basis with the limits assigned to each of its counterparties.

Commitment monitoring

Together with other interested parties, the lending unit contributes to the quarterly, formalized monitoring of the quality of the credit risk of each business line.

The lending unit's monitoring mechanism operates, independently from the loan origination process, in addition to and in coordination with the actions taken mainly by first-level control, permanent control and the risk department. The objective is to identify as early as possible at-risk situations using specific criteria for each customer segment, either through software applications or through the relevant operations and commitments managers.

The "major risks" limits, determined based on either the bank's capital under CRBF regulation 93-05 in the case of regulatory limits, or capital and internal counterparty ratings in the case of corporate limits, are monitored in accordance with the methods (including those covering frequency) defined in the procedures specific to this area.

Breaches and abnormal movements in accounts are monitored by using advanced risk detection tools (management of debtors/sensitive risks/automatic transfer to the out-of-court collections unit, etc.), based on both external and internal criteria, in particular ratings and account histories. These criteria are used to flag loans for special handling as early as possible. This identification is automated, systematic and exhaustive.

Permanent controls on commitments

The network permanent control function, which is independent of the lending function, performs second-level controls on credit risk. Counterparties exhibiting warning signs are reviewed, and entities with multiple negative indicators are identified. The aim of the control is to ensure that appropriate "risk" strategies are applied and suitable remedial action implemented.

This adds an additional layer of security to the credit risk management mechanism.

Management of at-risk items

A unified definition of default in accordance with Basel and accounting requirements

A unified definition of default has been adopted for the entire Crédit Mutuel group. Based on the principle of aligning prudential information with accounting information (CRC 2002-03/Regulation (EU) no. 575/2013), it is reflected in the matching of the Basel concept of loans in default and the accounting concept of non-performing loans and loans in litigation. Information systems take into account contagion, thereby enabling the downgrading to be extended to the related outstandings.

Identification of at-risk items

The process involves identifying all receivables to be placed on credit watch and then allocating them to the category corresponding to their situation: sensitive (not downgraded to non-performing), non-performing or in litigation. All receivables are subject to an automated monthly identification process using internal and external indicators that have been parameterized in the information system. Downgrading, in accordance with the prevailing regulatory criteria, is carried out automatically.

Transfer to non-performing, provisioning and reclassification as performing

Adjustments associated with the transfer to non-performing, provisioning and the reclassification as performing comply with the prevailing prudential rules and are processed automatically monthly, which ensures the process is exhaustive.

Management of customers downgraded to non-performing or in litigation

The manner in which the counterparties concerned are managed depends on the severity of the situation: at the branch by the customer relationship manager or by specific, specialized staff, by market, counterparty type or collection method.

b - Quantified data

2014 was characterized by an increase in customer lending and by a decrease in net additions to/reversals from provisions for loan losses compared with 2013.

Accounting data

At €168.2 billion, total gross exposures were up 1.1% compared with the end of 2013. Customer loans totaled €142.5 billion, up 2.4% on 2013 and loans to credit institutions were 5.9% lower.

Loans and receivables (excluding repurchase agreements)

(in € millions) (year-end principal balances)	2014	2013
Loans and receivables		
Credit institutions	25,708	27,315
Customers	142,514	139,112
GROSS EXPOSURE	**168,222**	**166,427**
Impairment provisions		
Credit institutions	(3)	(4)
Customers	(2,766)	(2,803)
NET EXPOSURE	**165,453**	**163,620**

Medium- and long-term loans increased by 2.4% and short-term loans rose by 2.5%.

Customers loans

(in € millions) (year-end principal balances)	2014	2013
SHORT-TERM LOANS	**26,233**	**25,602**
Current accounts - debit	5,345	5,133
Commercial loans	4,485	4,257
Treasury facilities	15,891	15,710
Export credits	512	502
MEDIUM- AND LONG-TERM LOANS	**110,450**	**107,830**
Capital asset financing	28,923	28,049
Home loans	65,139	64,618
Finance leases	9,290	8,854
Other	7,098	6,309
TOTAL GROSS CUSTOMER LOANS	**136,683**	**133,432**
Non-performing loans and loans in litigation	5,570	5,441
Accrued income	261	239
TOTAL CUSTOMER LOANS	**142,514**	**139,112**

Commitments given

(in € millions) (year-end principal balances)	2014	2013
Financing commitments given		
Credit institutions	506	642
Customers	26,457	25,836
Guarantee commitments given		
Credit institutions	1,688	1,491
Customers	12,683	12,694
PROVISION FOR RISKS ON COMMITMENTS GIVEN	**99**	**94**

Focus on home loans

Home loan outstandings grew by 0.8% in 2014 and represented 47.7% of total gross customer loans. Given their nature, home loan outstandings are split amongst a very large number of customers and are backed by real estate collateral or first-rate guarantees covering 87.7% of their value.

(in € millions) (year-end principal balances)	2014	2013
Home loans	65,139	64,618
Of which with Crédit Logement guarantee	*24,235*	*23,910*
Of which with a mortgage or similar highly-rated guarantee	*32,920*	*32,468*
Of which with other guarantees[1]	*7,984*	*8,240*

(1) Junior mortgages, pledges, etc.

Loan book quality

The loan book is of high quality.

Based on the group's nine internal credit ratings (excluding default ratings), customers rated in the top eight categories represented 97.7% of loans and receivables due from customers.

Breakdown of performing customer loans by internal rating

	2014	2013
A+ and A-	33.77%	33.74%
B+ and B-	32.15%	31.96%
C+ and C-	22.28%	21.95%
D+ and D-	9.49%	9.89%
E+	2.30%	2.46%

Concentration risk/Exposure by segment

These two items are dealt with in the section entitled "Information on Basel III Pillar 3".

... Risk management

Major risks

Companies

Capital in € millions	2014	2013
Commitments in excess of €300m		
Number of counterparty groups	24	27
Total commitments	14,917	15,200
Of which, on statement of financial position	*5,021*	*4,680*
Of which, off-statement of financial position (guarantee and financing commitments)	*9,896*	*10,519*
Commitments in excess of €100m		
Number of counterparty groups	90	85
Total commitments	25,742	24,841
Of which, on statement of financial position	*9,538*	*9,826*
Of which, off-statement of financial position (guarantee and financing commitments)	*16,203*	*15,015*

Banks

Capital in € millions	2014	2013
Commitments in excess of €300m		
Number of counterparty groups	4	5
Total commitments	2,314	2,205
Of which, on statement of financial position	*1,431*	*1,403*
Of which, off-statement of financial position (guarantee and financing commitments)	*883*	*802*

Sovereign risks

Sovereign risks are detailed in note 7b to the consolidated financial statements.

At-risk items and net additions to/reversals from provisions for loan losses

Non-performing loans and loans in litigation totaled €5,569 million at December 31, 2014, compared with €5,441 million at December 31, 2013, an increase of 2.3%.
They remained nevertheless stable in proportion to outstanding customer loans, of which they represented 3.9%, as was the case in 2013.
At December 31, 2014, actual net provisioning for known risks fell to 0.18% of gross outstanding loans compared with 0.22% at December 31, 2013.

Quality of risks arising on customer loans and receivables

(in € millions) (year-end principal balances)	2014	2013
Individually-impaired loans and receivables	5,569	5,441
Individual impairments	(2,583)	(2,626)
Collective impairments of receivables	(183)	(177)
Coverage ratio	**49.7%**	**51.50%**
Coverage ratio (individual impairment provision only)	**46.4%**	**48.25%**

Analysis of unpaid installments on customer loans that were not classified as non-performing

2014	≤ 3 months	> 3 months ≤ 6 months	> 6 months ≤ 1 year	> 1 year	Total
Debt instruments[1]	0	0	0	0	0
Loans and receivables	1,496	43	54	23	1,616
Due from central banks	0	0	0	0	0
Public administrations	0	0	0	0	0
Credit institutions	1	0	0	0	1
Other financial firms	22	5	7	2	36
Non-financial firms	203	3	22	7	235
Retail customers	1,270	35	25	14	1,344
TOTAL	1,496	43	54	23	1,616
2013					
Debt instruments[1]	0	0	0	0	0
Loans and receivables	1,687	18	33	12	1,750
Due from central banks	0	0	0	0	0
Public administrations	0	0	0	0	0
Credit institutions	1	0	0	0	1
Other financial firms	6	0	0	0	6
Non-financial firms	363	2	18	9	392
Retail customers	1,317	16	15	3	1,351
TOTAL	1,687	18	33	12	1,750

(1) Available-for-sale or held-to-maturity securities.

Interbank loans

Interbank loans by geographic area

	2014	2013
France	13.61%	24.66%
Europe excluding France	70.84%	37.54%
Other countries	15.55%	37.80%

The breakdown of interbank loans is based on the country of the parent company.

At the end of 2014, exposures related mainly to European institutions, namely banks in Germany, France, Switzerland and Scandinavia. There was a sharp rise in the proportion of loans located in Europe excluding France (significant increase in short-term transactions in this region), while the proportion of loans located in France and other countries decreased.

Interbank loans by internal rating

Internal rating	Equivalent external rating	2014	2013
A+	AAA/AA+	9.70%	0.02%
A-	AA/AA-	9.48%	23.61%
B+	A+/A	63.73%	48.09%
B-	A-	13.56%	11.67%
C and below (excluding default ratings)	BBB+ and below	3.53%	16.60%
Not rated		-	-

The structure of CIC's interbank exposures by internal rating changed substantially in 2014.

There was an increase in outstandings rated A+ (external equivalent AAA/AA+) and B+ (external equivalent A+/A) due to the increase in short-term transactions in these rating grades, while outstandings rated A- (external equivalent AA/AA-) and those rated below B- decreased. 96% of outstandings are rated in the B or A tranches (i.e. an equivalent external rating of not less than A-), compared with 83% in 2013.

... Risk management

Debt securities, derivatives and repurchase agreements (repos)

The securities portfolios relate primarily to capital markets activities and to a lesser extent to asset-liability management.

(in € millions) (year-end principal balances)	2014	2013
Debt securities	20,117	21,398
Of which, government securities	*8,183*	*8,218*
Of which, bonds	*11,934*	*13,180*
Derivatives	5,580	5,736
Repurchase agreements *(repos)* and securities lending	15,845	13,643
GROSS EXPOSURE	**41,542**	**40,777**
Provisions for impairment of securities	**(63)**	**(54)**
Net exposure	**41,479**	**40,723**

Asset-liability management (ALM) risk*

Organization

The CM11 group's asset-liability management functions, which were previously organized on a decentralized basis, are being gradually centralized.
The decision-making committees for matters concerning risk and interest rate management are as follows:

- the ALM technical committee, which manages risk in accordance with the risk limits applied within the group. The committee comprises the heads of the business lines concerned (finance department, asset-liability management, refinancing and treasury, risk) and meets at least once every quarter. The following indicators are compiled at consolidated level and by entity: static and dynamic liquidity gaps, static interest rate gaps and the sensitivity of net banking income and of net asset value;
- the ALM monitoring committee, composed of the group's senior executives, which examines changes in asset-liability management risk and approves the risk limits.

Hedging decisions are aimed at maintaining the risk indicators within the limits set for CM11 as a whole and for each of its component entities. The hedges are assigned to the entities concerned, in accordance with their needs.
The various asset-liability management risk indicators are also presented each quarter to the group risk committee.
Asset-liability management:

- its key objectives are to shelter lending margins from the effects of interest and exchange rate fluctuations and to ensure that the bank has sufficient liquidity to meet its obligations and protect it from a liquidity crisis;
- does not operate as a profit center but as a function that serves the bank's profitability and its development strategy, as well as the management of liquidity risk and interest rate risk arising from the activities of the network;
- helps to define the bank's sales and marketing policy in terms of customer lending criteria and rules governing internal transfer rates, and is in constant contact with the sales teams throughout the network.

Group conventions for the management of risk and the setting of risk limits are published in a set of group guidelines for asset-liability management that are used throughout the CM11 group.

Interest rate risk management

Interest rate risk arising on the group's commercial operations stems from interest rate differentials and differences in benchmark lending and borrowing rates. Analysis of this risk also takes into account the volatility of outstandings on products with no contractual maturity date and embedded options (early repayment and roll-over options for loans and the use of confirmed credit lines, etc.).
The management of interest rate risk arising on all operations connected with the banking network's business is analyzed and hedged overall based on the residual position in the statement of financial position using so-called macro-hedges. In addition, specific hedges may be established for customer loans involving a material amount or an unusual structure.
Risk limits are set in relation to the annual net banking income of each bank and each group. The technical committee decides on the hedges to be put in place and allocates them pro rata to the needs of each entity.

Interest rate risk is analyzed based on the main indicators below, which are updated each quarter:

1 - The static fixed-rate gap, corresponding to items in the statement of financial position, both assets and liabilities, whose cash flows are considered to be certain over a horizon of one to ten years, governed by limits from three to seven years, measured by a net banking income ratio.

2 - The static inflation gap over a horizon of one to ten years.

3 - The sensitivity of the net interest margin, calculated based on national scenarios and subject to limits. It is measured in annual steps, over a two-year horizon and is expressed as a percentage of each entity's net banking income.

Five scenarios are calculated:

- scenario 1: a 1% increase in market interest rates and a 0.33% increase in inflation (core scenario);
- scenario 2: a 1% decrease in market interest rates and a 0.33% decrease in inflation;
- scenario 3: a 2% increase in market interest rates and a 0.66% increase in inflation;
- scenario 4: a 3% increase in short interest rates, a 1% decline in long rates and stable inflation (stress scenario);
- scenario 5: a 2% decrease in market interest rates (floored at 0) and a 0.66% decrease in inflation.

CIC's net interest income is exposed to a decline in interest rates: -2.97% at one year (i.e. a decline of €119.3 million in absolute terms). At two years, sensitivity to a decline in interest rates stands at -3.54% (i.e. a decline of €144.6 million in absolute terms).

Sensitivity as a % of NBI	1 year	2 years
Scenario 1	3.19%	3.63%
Scenario 2	-2.97%	-3.54%
Scenario 3	5.29%	5.78%
Scenario 4	7.89%	2.81%
Scenario 5	0.46%	-1.85%

4 - The sensitivity of net asset value that arises when using the standard calculation for the Basel II indicator (a uniform shift of 200 bp applied to the entire statement of financial position, as an increase or decrease) enables the change in the discounted value of items in the statement of financial position according to the various scenarios to be measured as a percentage of total equity.

Sensitivity of net asset value	As a percentage of total equity
Sensitivity + 200 bp	6.57%
Sensitivity - 200 bp	0.99%

Liquidity risk management

The liquidity risk management mechanism is operated in close conjunction with BFCM, which manages the group's long-term refinancing, and is based on the following procedures:

- compliance with the one month liquidity ratio, which is representative of the short-term liquidity situation (calculated by weighting each bank's ratios by its total assets) and which at December 31, 2014 came to between 112% and 194% depending on the group's individual entities compared with a regulatory requirement of 100%;
- establishing the static liquidity gap, based on contractual and agreed maturities and incorporating off-statement of financial position commitments; warning thresholds (sources/applications of funds) are calculated at maturities ranging from three months to five years and are subject to target levels in order to lock in and optimize the refinancing policy;
- calculating the dynamic liquidity gap over five years, incorporating new loan production, thereby facilitating measurement of future financing needs associated with the development of commercial activity;
- calculating the liquidity gap under a Basel III stress scenario, taking into account assumptions as to loss of deposits and loan renewals in accordance with the Bank's customer base; transformation ratios are calculated from three months to seven years;
- the ALM technical committee decides on the liquidity hedges to be put in place in light of all these indicators. These hedges are allocated pro rata to the cumulative needs.

... Risk management

Breakdown of maturities for liquidity risk – residual contractual maturities

2014 (in € millions)	≤ 1 month (a)	> 1 month ≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years	No fixed maturity (b)	Total
Assets								
Financial assets held for trading	1,203	791	2,686	2,053	4,118	3,939	0	14,790
Financial assets at fair value through profit or loss	26	3	0	0	503	46	1,588	2,166
Derivatives used for hedging purposes (assets)	2	0	18	36	395	417	1	869
Available-for-sale financial assets	144	492	721	1,220	3,573	4,248	619	11,017
Loans and receivables (including finance leases)	42,147	12,683	14,619	15,196	34,038	61,783	810	181,276
Held-to-maturity investments	0	0	0	0	57	0	0	57
Liabilities								
Central bank deposits	16	18	25	0	0	0	0	59
Financial liabilities held for trading	1,046	190	1,121	530	2,411	3,365	3	8,666
Financial liabilities at fair value through profit or loss	858	618	1,049	0	0	0	0	2,525
Derivatives used for hedging purposes (liabilities)	15	19	72	347	2,459	1,278	2	4,192
Financial liabilities carried at amortized cost	**102,888**	**19,147**	**30,123**	**14,577**	**26,742**	**15,439**	**1,820**	**210,736**
Of which, debt securities, including bonds	*4,028*	*1,783*	*8,628*	*338*	*2,079*	*1,414*	*0*	*18,270*
Of which, subordinated debt	*26*	*62*	*479*	*15*	*0*	*17*	*244*	*843*

2013 (in € millions)	≤ 1 month (a)	> 1 month ≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years	No fixed maturity (b)	Total
Assets								
Financial assets held for trading	1,862	956	2,043	3,142	6,489	2,027	16	16,535
Financial assets at fair value through profit or loss	6,588	2,624	1,511	0	1,910	0	0	12,633
Derivatives used for hedging purposes (assets)	0	0	3	1	3	44	9	60
Available-for-sale financial assets	190	65	3,396	1,025	2,165	3,806	552	11,199
Loans and receivables (including finance leases)	35,863	6,673	12,686	13,850	33,368	63,072	1,181	166,693
Held-to-maturity investments	7	12	0	0	55	0	0	74
Liabilities								
Central bank deposits	15	34	120	50	114	127	0	460
Financial liabilities held for trading	911	191	816	1,045	5,982	1,215	43	10,203
Financial liabilities at fair value through profit or loss	7,774	4,585	4,098	0	0	0	0	16,457
Derivatives used for hedging purposes (liabilities)	3	0	54	51	1,207	74	14	1,403
Financial liabilities carried at amortized cost	**90,453**	**14,166**	**21,103**	**18,143**	**25,335**	**13,152**	**3,625**	**185,977**
Of which, debt securities, including bonds	*3,980*	*3,594*	*5,833*	*959*	*1,864*	*593*	*0*	*16,823*
Of which, subordinated debt	*2*	*0*	*0*	*532*	*15*	*18*	*1,744*	*2,311*

(a) Including accrued interest and securities given/received under repurchase and reverse repurchase agreements.
(b) Including undated debt securities, equities, non-performing loans and loans in litigation, and impairment losses; for marked-to-market financial instruments, also includes differences between fair value and redemption value.

Currency risk

The foreign currency positions of each CIC entity are automatically centralized by the holding company and by BFCM. This centralization is performed daily for commercial transfers and for cash flows, both inflows and outflows, denominated in foreign currencies.
Any unrealized foreign currency gains and losses are translated into euros at the end of each month and the resulting foreign currency position is also centralized by the holding company.
As such, with the exception of certain long-term foreign currency private equity transactions, no group entity bears any currency risk at its own level. The holding company is responsible for clearing foreign currency positions daily and monthly via the market.
Only the activities of *CM-CIC Marchés* benefit from foreign currency position management at their level.
The structural foreign currency positions arising from foreign currency advances made to foreign branches are not hedged.
The foreign exchange gain or loss is recognized in the asset or liability translation accounts and therefore does not pass through the income statement.
The profits or losses of the foreign branches are retained in the branches and thus form part of the structural foreign currency position.

Equity risk

CIC has exposure to various types of equity risks.

Assets measured at fair value through profit or loss
Equities held in the trading portfolio amounted to €734 million at December 31, 2014 compared with €537 million at December 31, 2013 and solely concerned CIC's capital markets business (see note 5b to the consolidated financial statements).
Equities accounted for using the fair value option through profit or loss related mainly to the private equity business and amounted to €1,802 million (see note 5a to the consolidated financial statements).

Available-for-sale financial assets
Equities classified as available-for-sale and various equity investments amounted to €189 million and €469 million respectively (see note 7 to the consolidated financial statements).
Long-term investments mainly comprised:
a) investments in non-consolidated companies totaling €66 million;
b) other long-term securities totaling €179 million.

Net reversals of impairment losses recognized in the income statement totaled €35 million (net reversal of impairment loss of €16 million in 2013). At December 31, 2014, the purchase cost of impaired equities totaled €119 million with a corresponding impairment of €47 million. Their market value came to €72 million.

Private equity

CIC's private equity business comprises dedicated private equity entities whose portfolios are all accounted for under the fair value option.

The portfolios comprise around 500 investment lines, relating mainly to small- and medium-sized enterprises.

Risks arising on the private equity business

Assets invested	2014	2013
Number of listed investment lines	34	35
Number of unlisted investment lines	375	387
Number of funds	50	47
Proprietary portfolio (€ millions)	1,996	1,894
Funds managed on behalf of third parties (€ millions)	360	363

Market risk*

General structure

CM-CIC Marchés combines all the capital markets activities of BFCM and CIC in France and those of the branches in Frankfurt (BFCM), London, New York and Singapore (CIC).

They are organized around three business lines: refinancing (transactions which are mainly recognized on BFCM's statement of financial position), commercial, and fixed income-equity-loan investment ("ITAC") (recognized on CIC's statement of financial position).

Refinancing

A dedicated treasury management team is responsible for refinancing all the activities of the CM11 group. It seeks to diversify its investor base in Paris, Frankfurt and London and its refinancing tools, including Crédit Mutuel-CIC Home Loan SFH. The products concerned consist mainly of monetary instruments or bonds and futures used to hedge interest rates and exchange rates.

In addition to the pure refinancing positions, this business also has a portfolio of securities classified as available-for-sale: the main reason for holding them is to provide the bank with a portfolio of securities it can liquidate in the event of a liquidity crisis.

Commercial

The sales teams working out of Paris or within the regional banks use a wide range of standardized tools and products. The aims of the dedicated technical desk responsible for designing, match funding and reversing positions ("CAR") are to optimize prices, preserve commercial margins and reverse positions on exchange rate and interest rate instruments.

The business also involves the sale of investment products such as *Libre Arbitre* or *Stork* (resulting directly from the expertise of the fixed income-equity-loan business line), which are aimed at institutional, corporate and retail customers of Crédit Mutuel's and CIC's various networks.

Fixed income-equity-loan investment

This business line is organized around desks specialized in investment transactions involving equities/hybrid instruments, credit spreads and fixed income. These activities involve mainly purchases and sales of financial securities acquired with the intention of holding them for the long term, as well as trading in related financial instruments. These activities are called upon to create value in a disciplined risk environment, to drive commercial development and to provide expertise or services to other group entities.

Internal control structures

In 2014, the internal control function continued to improve its organization and monitoring methodologies. It continued to update its procedures to take into account a unified system of limits incorporating the market activities of the branches and to present the CRD3/CRD4 regulatory changes, in particular stressed VaR and IRC (Incremental Risk Charge) as well as risk measurement in VaR/stress tests, as part of the "market risk internal model" project, and regulatory risk measurement (CAD and European Capital Adequacy under Basel 3 standards).

A set of methodologies is formalized in a "body of rules". Regular updates throughout the year have included new products and improved the monitoring of risk measurement. A comprehensive, formal validation is carried out at least once a year.

CIC's capital markets activities are organized as follows:

- they are under the responsibility of a member of general management;
- the front-office units that execute transactions are segregated from those responsible for the monitoring of risks and results (control function) and from those in charge of transaction validation, settlement and recording (back-office function);
- internal control teams operate under the responsibility of the group's risk division, which compiles management reports summarizing risk exposures. The level of capital allocated/consumed is validated by BFCM's and CIC's boards of directors;
- the permanent controls system is based on first-level controls performed by three control teams:
  - the risks and results team validates production, monitors results on a daily basis and ensures compliance with limits,
  - a team in charge of accounting and regulatory issues is responsible for reconciling accounting and economic results, for providing oversight on regulatory matters, and the control of operational risks,
  - a *CM-CIC Marchés* team covering legal and tax compliance is responsible for first-level legal and tax issues;
- second-level controls organized around:
  - capital markets businesses' permanent controls, which reports to the permanent control department, supervises first-level permanent controls carried out by *CM-CIC Marchés* and conducts its own direct controls on activities,
  - CIC's lending department, which monitors at-risk outstandings for each counterparty group,
  - CIC's legal and tax department, which works with the *CM-CIC Marchés* legal and tax unit,
  - CIC's finance department, which supervises accounting procedures and templates and is responsible for accounting and regulatory controls;

- the CM11 group's periodic controls team, which intervenes with specialist auditors to carry out periodic controls and compliance checks in respect of capital markets activities.

A market risk committee that meets monthly is responsible for monitoring the strategy, results and risks of *CM-CIC Marchés* (in France and in the branches) in relation to the limits prescribed by CIC's and BFCM's boards of directors. Chaired by the member of general management responsible for *CM-CIC Marchés*, it comprises the chief executive officer of CIC and of BFCM, the front office, post-market, back office, accounting and regulatory control and risks and results managers, and the manager of the risk department and the group permanent control department. It validates the operational limits established in connection with the general limits set by CIC's and BFCM's boards of directors, which are regularly informed of the risks and results of these activities. The market risk committee is also the body that validates the major policies of the "market risk internal model".

Risk management

The system used to set exposure limits for market risk is based on:
- an overall limit for regulatory capital (CAD/European capital adequacy), broken down by desk, and for VaR;
- internal rules and scenarios (CAD risks, historical VaR and stress tests), which convert exposures into potential losses.

The limits set are intended to cover the various types of market risk (interest rate, currency, equity and counterparty risks). The aggregate limit is broken down into sub-limits for each type of risk and for each activity.
The group's risk division is responsible for monitoring and managing breaches of the overall limit and/or the limit allocated to each business line.
Risks are monitored based on first-tier indicators such as sensitivity to various market risk factors (mainly for traders), and second-tier indicators such as potential losses, to provide an accessible overview of capital markets exposures for decision-makers.
The regulatory capital allocated to the fixed income-equity-loan investments and commercial business lines in metropolitan France, which was stable from 2010 to 2012 and was revised downwards for 2013, rose slightly at the end of 2014.
The CM11 VaR was €5 million at the end of 2014. A stress test framework complements the risk management system, with an escalation procedure if limits are breached.
For 2015, the limits in respect of these activities are being maintained at their 2014 level. Since last year, a process for calculating the amount of the capital charge for the CVA (Credit Valuation Adjustment) has supplemented the risk monitoring procedure.
The capital consumed by the RMBS business conducted in the New York branch continued to fall in line with the amortization and sales of the portfolio securities managed on a run-off basis. The $85 million model provision was reversed given the improvement in the quality of the portfolio and the environment. Trading activities are maintained within reduced limits under the supervision of *CM-CIC Marchés*.

CM-CIC Marchés' overnight treasury position must not exceed a certain limit with an intermediate warning limit, the two limits being set by the department and approved by CIC's and BFCM's boards of directors. The refinancing period for portfolio assets is also subject to monitoring and limits.
The principal risks for CIC's trading desk are as follows:

1 - hybrid instruments: capital consumption averaged €66 million during 2014 to end the year at €78.6 million. Convertible bond holdings stood at €1.9 billion at the end of 2014 (€1.6 billion in 2013).

2 - credit: these positions correspond to either securities/CDS (credit default swap) arbitrages, or to iTraxx/CDX index or tranche positions, or ABS (asset-backed securities). On the corporate debts portfolio, the capital consumption was stable throughout the year and averaged around €36 million. Capital consumption in the credit correlation portfolio, exclusively based on iTraxx/CDX indices and tranches, hovered around €20 million throughout the year and ended at €12 million at the end of 2014. On the ABS portfolio, the capital consumed started the year at €43 million to fall in June to €33 million and end the year at €36.5 million. This fall was due to prudent management of the risk associated with peripheral countries throughout the year and a reduction in positions in these countries.

3 - M&A and miscellaneous equities: capital consumed totaled €35 million on average in 2014, with a high of €52 million in October. This increase followed the trend in outstandings and the removal of corporate actions from M&A. Outstandings in respect of this activity therefore totaled €329 million in December 2014 (with a high of €485 million in October) compared with €155 million at the end of 2013.

4 - fixed income: positions relate to directional investments or yield-curve arbitrage strategies, typically with an underlying of mainly European government securities. The positions on the peripheral states are very limited. As regards Italy, since the €1.7 billion maturity in September 2014, holdings have remained below €400 million. The total holding of government securities was €4.5 billion at the end of 2013 compared with €3 billion at the end of 2014, including French government securities totaling €2 billion. A liquidity portfolio, which is used to manage the buffer and is invested primarily in sovereign securities, is held in BFCM's accounts.

Model risk

CM-CIC Marchés' risks and results team is responsible for developing the few models used to value its positions. At the end of 2014, there were four such models which are governed by a general policy approved every year by the market risk committee. This policy requires that the risks and results team develop and document these models, and that their performance be tracked in a file kept by the risks and results team and reviewed by the permanent control department and the group risk department, for presentation to the market risk committee. These models are also incorporated into the audit plan by the group's periodic control team.

... Risk management

Credit derivatives

These products are used by *CM-CIC Marchés* and are recognized in its trading portfolio.
CM-CIC Marchés is subject to exposure limits by issuer or counterparty for all types of products. Outstanding amounts are monitored on a daily basis and exposure limits are reviewed periodically by the lending committees and capital markets risk committees.

Securitization

In fiscal year 2014, the group's investments in securitizations remained stable, with total outstandings of €5.6 billion at December 31, 2014.
The securitization portfolios are managed conservatively and consist mostly of senior, very high credit quality securities (69% are rated AAA, and 18% between A- and AA+). They are diversified in terms of both type of exposure (RMBS, CMBS, CLO, auto loan ABS, consumer loan ABS, credit card ABS) and geographic region (USA, Netherlands, UK, France, Italy, Germany).
Investments are made within a well-defined framework of limits, approved by the group's lending department. These limits are reviewed at least once a year.
Investments made by the capital markets activities, which represent 88% of securitization outstandings, must also comply with a body of rules specific to *CM-CIC Marchés* that strictly governs portfolio risks and outstandings.
Regulatory requirements for securitizations have been strengthened regularly since the last financial crisis. As such, specific procedures have been developed to ensure close monitoring of tranches and continuously verify information about the performance of the underlying exposures.
Stress tests are also conducted on the portfolios every month. In 2014, the European Central Bank conducted an asset quality review (AQR), in addition to its stress tests, with highly satisfactory results.

Breakdown of outstandings by portfolio (in € millions)

Banking portfolio	4,374
Trading portfolio	1,218
TOTAL	**5,592**

Breakdown of outstandings by Inv. Grade/Non-Inv. Grade (%)

Investment Grade (of which 69% AAA)	90%
Non-Investment Grade	10%
TOTAL	**100%**

Breakdown of outstandings by region

USA	33.5%
Netherlands	14.6%
Italy	7.7%
UK	7.4%
France	6.9%
Germany	5.8%
Spain	2.2%
Norway	1.5%
Ireland	1.4%
Portugal	1.2%
Greece	0.4%
Europe (other countries)	12.7%
Australia	0.5%
Caribbean	0.4%
Other	3.8%
TOTAL	**100.0%**

The group has very little exposure to the most vulnerable European countries (Ireland, 1.4%; Portugal, 1.2%; Greece, 0.4%). Furthermore, tranches categorized as non-investment grade are monitored extremely closely and, in Greece's case, provisions have been recorded.
The New York branch holds a residual portfolio of pre-2008 non-investment grade US RMBS of €463 million, which is managed on a run-off basis. Losses expected on this portfolio are fully provisioned.

Operational risk*

In the context of the Basel II capital adequacy regulations, the Crédit Mutuel group has implemented a comprehensive operational risk management system under the responsibility of senior management bodies. Group-wide guidelines describe the risks concerned and the quantitative evaluation methods to be used.
The group has an overall operational risk management function that is clearly identified and split in practice between a national function and regional functions. It covers operational risk, contingency and disaster recovery plans and insurance taken out to cover these risks.
The system in place for measuring and monitoring operational risk is based on a common platform applied throughout the group using an approach for identifying and modeling risks, whose aim is to calculate the level of capital required to be held in respect of operational risks.
Crédit Mutuel is authorized to use its advanced measurement approach to calculate its capital adequacy requirements in respect of operational risk, with the exception of the deduction of expected losses from its capital adequacy requirement, from January 1, 2010, for the consolidated group excluding the foreign subsidiaries, the Cofidis group and CM-CIC Factor.
CM-CIC Factor was also authorized to use this approach as from January 1, 2012 as was Banque de Luxembourg as from September 30, 2013.

Main objectives

The operational risk management policy set up by the group is designed:

- to contribute to the group's effective management by controlling risks and the associated costs;
- from a human perspective, to protect staff, develop responsibility, autonomy and control, and leverage skills group-wide;
- from an economic standpoint, to protect margins by tightly managing risk across all activities and adapt insurance programs to the risks identified;
- from a regulatory standpoint, to respond effectively to Basel II capital requirements and supervisory authorities' requests, develop a reliable system of internal control (order of November 3, 2014), optimize contingency and disaster recovery plans for mission-critical operations and adapt financial reporting (Third Pillar of Basel III).

Role and position of the management function

The national operational risk management function coordinates and consolidates the entire procedure through deploying a dedicated team and also assists the operational risk managers in the regional groups.

The regional operational risk management function implements the risk management procedure and verifies that it is consistent with the national risk management policy.

Measurement and control procedures

For modeling purposes, the group relies mainly on the national database of internal losses, on an external database and on scenarios developed within the context of mappings and statistical work, performed in accordance with common procedures and regulatory requirements.

Homogenous risk maps broken down by business line and by risk type and objects have been drawn up for all activities, with probability-based models culled from the work of outside experts. The maps and calculation of the capital adequacy requirements are validated by the operational risk steering committee. Capital adequacy requirements are calculated at national level and are then split at regional level.

Operational risk mitigation techniques include:

- preventative actions identified during the mapping process and implemented directly by operational or permanent control staff;
- safeguard initiatives, which focus on the widespread implementation of contingency and disaster recovery plans, logistics and IT solutions for all mission-critical operations in order to limit the seriousness of any incident in the event of a crisis.

A consistent group-wide crisis management process, linked to the system for interbank operations, covers crisis communication and the three phases of contingency and disaster recovery plans: emergency, business continuity and back-on-track plans.

Reporting and general oversight

Application of the operational risk management policy and risk profile is monitored using key indicators, thresholds and warnings covering the assessment of potential risks, changes in loss experience and the effectiveness of risk-reduction and financing measures. The group's effective managers and supervisory bodies are regularly provided with information on this risk data, including the requirements of the order of November 3, 2014.

Documentation and procedures

The group consistently applies a set of procedures that are approved by the managing bodies and are regularly updated, covering:

- governance: procedures dealing with the roles and responsibilities of the various managing, decision-making and supervisory bodies, and of the national function, the frequency and recipients of reports, the scope for the monitoring of group entities, and the methodology for the integration of subsidiaries;
- the collection of incident information: procedures laying down the rules for collecting information and controlling internal losses;
- the measurement system: procedures concerning, in particular, modeling that is probability based and drawn from the work of experts, the rules for gathering Key Risk Indicators (KRI), the basis for the allocation of capital adequacy requirements and COREP reports.

Contingency and disaster recovery plans

Disaster recovery plans are part of the back-up measures put in place by the group to limit any losses resulting from operational risk.

Contingency and disaster recovery plan guidelines, which have been drawn up by Crédit Mutuel, may be consulted by all teams concerned and are applied at the level of the regional Groups.

Plans are classified into two categories:

- business-specific contingency and disaster recovery plans relate to a given banking function that is associated with one of the business lines identified in accordance with Basel II;
- cross-functional contingency and disaster recovery plans relate to activities that constitute operational support services (logistics, HR and IT issues).

Plans can be split into three components:

- emergency plan: this is triggered immediately and involves measures designed to handle emergencies and institute solutions for operating in a weakened environment;
- business continuity plan: this involves resuming activities under adverse conditions in accordance with predefined procedures;
- back-on-track plan: this is prepared shortly after the business continuity plan kicks in.

Crisis management and its organization

Crisis management procedures at the level of the group and the regions cover the most efficient organization and communications systems for handling these three phases: emergency, business continuity and back-on-track plans.

These procedures are based on:

- a crisis committee, chaired by the CEO of the bank at regional level or by the group CEO at national level, that takes the key decisions, prioritizes action plans and handles the internal and external reporting of events;
- a crisis unit that pools information, implements the decisions and provides follow-up;
- a crisis liaison team for each business line, responsible for coordinating operations on the ground together with the crisis unit. The main focus of the team's work is putting in place a contingency and disaster recovery plan until business gets back to normal.

Insurance deducted from equity

The French Prudential Supervision and Resolution Authority *(Autorité de contrôle prudentiel et de résolution – ACPR)* has authorized Crédit Mutuel to take into account insurance as a factor to reduce its capital requirements in respect of operational risk under the advanced measurement approach with effect from the June 30, 2012 closing.
The principles applied to the financing of operational risks within the group depend on the frequency and severity of each potential risk, and consist of:

- taking out insurance for high frequency, low severity risks, or ensuring such risks are financed by withholding amounts on the operating account;
- taking out insurance for insurable serious or major risks;
- developing self-insurance for losses below insurers' excess levels;
- allocating regulatory capital reserves or provisions financed by underlying assets for serious risks that cannot be insured.

Crédit Mutuel's insurance programs comply with the provisions governed by Article 323 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of June 26, 2013 concerning the deduction of insurance under the advanced method approach (AMA).
The insurance cover used in the deduction process includes damage to real and personal property (multi-risk), fraud (specific banking risks) and professional third-party liability.

Training

Each year, the group provides operational risk training for the network managers, internal controllers and operations staff responsible for monitoring these risks.

CIC's operational risk loss experience in 2014

The total amounted to €34.8 million in 2014, including €34.6 million of actual losses and €0.2 million of net provisions.
This total is analyzed as follows:

- fraud: €11.1 million;
- industrial relations: €2.1 million;
- human/procedural error: €4.8 million;
- legal issues: €15.1 million;
- natural disasters and systems malfunctions: €1.7 million.

Other risks

Legal risks

Legal risks are incorporated into operational risks and concern, amongst other things, exposure to fines, penalties and damages for faults by the business in respect of its operations.

Industrial and environmental risks

Industrial and environmental risks are incorporated into operational risks and are analyzed from the perspective of systems malfunctions and the occurrence of natural disasters (100-year events, floods, earthquakes, pollution), their impact on the business and the means of prevention and protection to be put in place, notably crisis management and contingency and disaster recovery plans.

The corporate policy concerning environmental and social risks is described in the "social aspects" part of the Corporate Social Responsibility section.

Information on Basel III Pillar 3

Information published in accordance with the transparency requirements of the Order of February 20, 2007 regarding capital requirements.

Information on capital adequacy risks

Risk management

Risk management policies and procedures implemented

The risk management policy and the procedures implemented are detailed in the section entitled "Risk management".

Structure and organization of the risk management function

Within the group, the three bodies responsible for measuring, monitoring and controlling risks are the risk department, the risk committee and the risk monitoring committee. The monitoring procedures comply with the provisions of the Order of November 3, 2014 on internal control of the risk management function, whose mission it defines.

Group risk department

The mission of the group risk department, which regularly analyzes and reviews all types of risks with an eye towards the return on allocated regulatory capital, is to contribute to the group's growth and profitability whilst ensuring the quality of the risk management procedures.

Group risk committee

This committee meets quarterly and includes the operational risk managers, the heads of the business lines and functions involved and general management. The head of the risk department draws up the agenda and management reports, details the main risks and any changes thereto and chairs meetings. This committee is responsible for overall ex post and ex ante risk monitoring.

Group risk monitoring committee

This committee consists of members of the deliberative bodies and meets twice a year to review the group's strategic challenges in the risk area. Based on the findings presented, it makes recommendations on all decisions of a prudential nature applicable to all entities.
The head of the risk department chairs the meetings of this committee and presents the files prepared for the various risk areas based on the work of the group risk committee. General management also participates in the meetings of this committee, which may also invite the heads of the business lines with a stake in the items on the meeting agenda.

Scope and nature of risk reporting and measurement systems

In collaboration with the various business lines, the CM11 risk department regularly produces summary management reports which review the various risks: credit, market, overall interest rate, intermediation, settlement, liquidity and operational risks. All the group's main business lines are subject to monitoring and reporting. These management reports are based mainly on the Basel II tools common to the entire group and interfaced with the accounting systems.

Composition of the capital

Since January 1, 2014, regulatory capital has been determined in accordance with part 1 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 (referred to as the "CRR"), supplemented by technical standards (delegated regulations and EU implementing regulations of the European Commission).
Capital is now the sum of:

- Tier 1 capital: consisting of Common Equity Tier 1 (CET1) capital, net of deductions, and Additional Tier 1 (AT1) capital, net of deductions;
- Tier 2 capital, net of deductions.

Tier 1 capital

Common Equity Tier 1 (CET1) capital consists of stock instruments and the associated share premiums, reserves (including those relating to accumulated other comprehensive income), retained earnings and the general banking risks reserve (for non-consolidating groups). Total flexibility of payments is required and the instruments must be perpetual.
Additional Tier 1 (AT1) capital consists of perpetual debt instruments, with no incentive or obligation to redeem (in particular step-ups in interest rates). AT1 instruments are subject to a loss absorption mechanism which is triggered when the CET1 ratio is below a minimum threshold of 5.125%. The instruments may be converted into shares or their nominal value may be reduced. Total flexibility of payments is required: coupon payments may be canceled at the issuer's discretion.
Article 92 (1) of the CRR sets a minimum Common Equity Tier 1 capital ratio of 4.5% and a minimum Tier 1 capital ratio of 6%.
However, under transitional arrangements, Article 465 (1) of the CRR allows the competent authorities to determine these levels within a specified range between January 1, 2014 and December 31, 2014. The General Secretariat of the ACPR (French Prudential Control and Resolution Authority) published its decision in a press release dated December 12, 2013: a Common Equity Tier 1 capital ratio of 4% and a Tier 1 capital ratio of 5.5%.

Common Equity Tier 1 capital is determined on the basis of the CIC* group's equity, calculated from the regulatory scope, to which "prudential filters" and a number of regulatory adjustments are applied.

Prudential filters

In prior regulation, unrealized gains were filtered out of common equity under Article 2bis of Regulation no. 90-02 (currently being repealed) and, in accordance with the symmetry principle, the exposure value, for the weighted risk calculation, and in particular for the exposure value of equities, did not take these unrealized gains into account.
Despite the targeted elimination of prudential filters on unrealized gains and losses (Article 35 of the CRR), partial application of prudential filters and symmetrical treatment continues during the transitional phase as follows:
In 2014, 100% of unrealized gains were excluded from Common Equity Tier 1 capital (and, for the sake of symmetry, also from exposure at default, in the denominator).
In 2015, insofar as 40% of unrealized gains will be included in Common Equity Tier 1 capital (and 60% will be excluded), exposure at default, in the denominator, will have to be adjusted accordingly.
For unrealized losses, the Secretariat General of the ACPR decided to accelerate the timetable by requiring that 100% of unrealized losses be incorporated into Common Equity Tier 1 capital as from 2014 (decision of the College of November 12, 2013). The exposure value in the denominator thus also includes 100% of unrealized losses in 2014.
Unrealized gains and losses are netted on a portfolio by portfolio basis.
Differences relating to the equity accounting of associates are split between reserves and retained earnings, on the one hand, and interim profit or loss, on the other, depending on the equity tier in which they originated.
Conversely, unrealized gains and losses recognized for accounting purposes directly in equity due to a cash flow hedge and those relating to other financial instruments, including debt instruments, continue to be eliminated (as they were under CRBF *(Comité de la Réglementation Bancaire et Financière* – French Banking and Financial Regulation Committee) regulation no. 90-02).
Other CET1 adjustments involve mainly:

- anticipating dividend payments;
- deducting goodwill and other intangible assets;
- the negative difference between provisions and expected losses as well as expected losses on equities;
- value adjustments due to requirements for prudent valuation;
- deferred tax assets that rely on future profitability and do not arise from temporary differences net of related tax liabilities;
- gains or losses recorded by the institution on liabilities measured at fair value and that result from changes in the institution's credit standing;
- gains and losses at fair value on derivatives recognized as liabilities on the institution's statement of financial position and that result from changes in the institution's credit standing;
- direct, indirect and synthetic holdings in CET1 instruments of financial sector entities when they exceed a threshold of 10% of CET1.

Tier 2 capital

Tier 2 capital consists of subordinated debt instruments with a minimum maturity of five years. Incentives for early redemption are prohibited.
The amount of "eligible capital" is more limited. This concept is used to calculate large exposure thresholds and non-financial investments weighted at 1,250%; this is the sum of:

- Tier 1 capital;
- Tier 2 capital, capped at 1/3 of Tier 1 capital.

Pursuant to the provisions of Regulation (EU) No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (referred to as the "CRR"), there is no difference between the book value of capital and regulatory capital. For the CIC group, the scopes used for the book value of capital and regulatory capital consist of the same entities and the consolidation methods are identical.

* Please refer to the table on page 95 for the breakdown of regulatory capital.

Breakdown of regulatory capital

(in € millions)	CET1	AT1	AT2	Total regulatory capital
Capital attributable to owners of the company				
Paid-in capital	608			608
Indirect holdings in CET1 instruments	-			-
Share premiums	1,088			1,088
Prior retained earnings	9,193			9,193
Gain or loss (attributable to owners of the company)	1,116			1,116
Non-qualifying share of interim or year-end profits	(302)			(302)
Capital - Minority interests				
Qualifying minority interests	21	-	1	22
Accumulated other comprehensive income	**197**			197
Of which equity instruments	96			96
Of which debt instruments	(142)			(142)
Of which cash flow hedge reserve	(1)			(1)
General banking risks reserve (solo entity under French standards)	-			-
Balance sheet items included in the capital calculation				
Gross amount of other intangible assets including deferred tax liabilities on intangible assets (a-b)	(236)			(236)
Goodwill in intangible assets	(108)			(108)
Deferred tax assets that rely on future profitability and do not arise from temporary differences net of related tax liabilities	(10)			(10)
Deductible deferred tax assets that rely on future profitability and arise from temporary differences	-			-
Subordinated debt			377	377
Securitization positions that may be weighted at 1,250%	(525)			(525)
Instruments of relevant entities where the institution does not have a significant investment	-	-	-	-
Instruments of relevant entities where the institution has a significant investment	-	-	-	-
Other adjustments				
Prudential filter: cash flow hedge reserve	1			1
Prudential filter: value adjustments due to requirements for prudent valuation	(122)			(122)
Prudential filter: cumulative gains and losses on liabilities measured at fair value due to changes in own credit standing	-			-
Prudential filter: fair value gains and losses arising from own credit risk related to derivative liabilities	-			-
Transitional adjustments due to grandfathering clauses on capital instruments	-	-	-	-
Transitional adjustments due to grandfathering clauses on additional minority interests	35	-	(1)	34
Transitional adjustments on gains and losses on capital instruments	(96)			(96)
Transitional adjustments on gains and losses on debt instruments	142			142
Other transitional adjustments	0	-	46	46
Under the internal ratings-based approach, negative difference between provisions and expected losses	(302)			(302)
Under the internal ratings-based approach, positive difference between provisions and expected losses			192	192
Credit risk adjustments (standardized approach)			-	-
TOTAL	**10,701**	**-**	**615**	**11,316**

Qualitative information on capital instruments

Tier 2 capital

Tier 2 capital instruments include subordinated notes, perpetual subordinated notes and non-voting loan stock issued by the CIC group.

Issuer	ISIN code	Issue date	Maturity	Nominal value	Interest rate	Call option exercise date	Step-up	Eligible T2 amount	Total amount included in T2 including transitional treatment
Non-voting loan stock									
CIC	FR0000047805	May-85	No maturity date	137	Minimum 85% (TAM+TMO)/2 Maximum 130% (TAM+TMO)/2.	May-97	No	137	**137**
CIC Lyonnaise de Banque	FR0000047789	June-85	No maturity date	23	Minimum 85% of TMO Maximum 130% TMO	June-97	No	15	**15**
Perpetual subordinated notes									
CIC	FR0000584377	July-87	No maturity date	76	TME + 0.25%	July-94	No	76	**76**
CIC	FR0000165847	Dec.-90	No maturity date	30	P1C* + 1.75%	Dec.-99	No	30	**30**
Redeemable subordinated securities									
CIC		Nov.-02	Jan.-15	22	5.25%	NA	No	4	**4**
CIC		Sept.-03	Sept.-15	190	6-month Euribor + 53bp	NA	No	38	**38**
CIC		Sept.-03	Sept.-15	$350m	6-month USD Libor + 55bp	NA	No	58	**58**
CIC		June-03	Jan.-16	14	4.50%	NA	No	6	**6**
CIC Lyonnaise de Banque		Feb.-03	Feb.-15	60	4.75%	NA	No	12	**12**

* Capitalized 1-month Euribor.

Detailed capital disclosure

(in € millions)	2014	Amounts subject to pre-Regulation (EU) No. 575/2013 treatment or prescribed residual amount of Regulation (EU) No. 575/2013
Common Equity Tier 1 (CET1) capital: instruments and reserves		
Capital instruments and the related share premium accounts	1,696	
Of which stock units	*608*	
Of which share premiums	*1,088*	
Retained earnings	9,192	
Accumulated other comprehensive income (and other reserves)	197	
General banking risks reserve	-	
Amount of qualifying items referred to in Art. 484 (3) and the related share premium accounts subject to phase-out from CET1	-	
Minority interests eligible for CET1	21	35
Independently reviewed interim profits net of any foreseeable expense or dividend	814	
Common Equity Tier 1 (CET1) capital before regulatory adjustments	11,920	

(in € millions)	2014	Amounts subject to pre-Regulation (EU) No. 575/2013 treatment or prescribed residual amount of Regulation (EU) No. 575/2013
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
Additional value adjustments	(122)	
Intangible assets (net of related tax liabilities)	(343)	
Deferred tax assets that rely on future profitability, excluding those arising from temporary differences, net of related tax liabilities (net of related tax liabilities when the conditions in Art. 38 (3) are met)	(10)	8
Fair value reserves related to gains and losses on cash flow hedges	1	
Negative amounts resulting from the calculation of expected losses	(302)	
Any increase in equity resulting from securitized assets	-	
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	
Defined-benefit pension fund assets	-	
Direct and indirect holdings by an institution of own CET1 instruments	-	-
Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution	-	-
Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions)	-	-
Direct, indirect and synthetic holdings by the institution of CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 10% threshold and net of eligible short positions)	-	-
Exposure amount of the following items which qualify for a risk weight of 1,250%, where the institution opts for the deduction alternative	(525)	
Of which qualifying holdings outside the financial sector	-	
Of which securitization positions	*(525)*	
Of which free deliveries	-	
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liabilities when the conditions in Art. 38 (3) are met)	-	-
Amount exceeding the 15% threshold	-	-
Of which direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	-
Of which deferred tax assets arising from temporary differences	-	-
Losses for the current financial year	-	
Foreseeable tax charge relating to CET1 items		
Regulatory adjustments applied to Common Equity Tier 1 capital in respect of amounts subject to pre-CRR treatment	43	
Regulatory adjustments relating to unrealized gains and losses pursuant to Articles 467 and 468	39	
Of which filter for unrealized loss on equity instruments	-	
Of which filter for unrealized loss on debt instruments	*(4)*	
Of which filter for unrealized gain on equity instruments	*188*	
Of which filter for unrealized gain on debt instruments	-	
Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre-CRR	-	
Qualifying AT1 deductions that exceed the AT1 capital of the institution	-	
Total regulatory adjustments to Common Equity Tier 1 (CET1) capital	**(1,220)**	
Common Equity Tier 1 (CET1) capital	**10,700**	

... Information on Basel III Pillar 3

(in € millions)	2014	Amounts subject to pre-Regulation (EU) No. 575/2013 treatment or prescribed residual amount of Regulation (EU) No. 575/2013
Additional Tier 1 (AT1) capital: instruments		
Capital instruments and the related share premium accounts	-	
Of which classified as equity under applicable accounting standards		
Of which classified as liabilities under applicable accounting standards	-	
Amount of qualifying items referred to in Art. 484 (4) and the related share premium accounts subject to phase-out from AT1	-	
Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	-
Of which instruments issued by subsidiaries subject to phase-out		
Additional Tier 1 (AT1) capital before regulatory adjustments	-	
Additional Tier 1 (AT1) capital: regulatory adjustments		
Direct and indirect holdings by an institution of own AT1 instruments	-	-
Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution	-	-
Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions)	-	-
Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 10% threshold and net of eligible short positions)	-	-
Regulatory adjustments applied to Additional Tier 1 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in Regulation (EU) No. 575/2013 (i.e. CRR residual amounts)	-	
Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to Article 472 of Regulation (EU) No. 575/2013	-	
Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to Article 475 of Regulation (EU) No. 575/2013	-	
Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre-CRR	-	
Qualifying T2 deductions that exceed the T2 capital of the institution	-	
Total regulatory adjustments to Additional Tier 1 (AT1) capital	**-**	
Additional Tier 1 (AT1) capital	**-**	
Tier 1 capital (T1 = CET1 + AT1)	**10,700**	

(in € millions)	2014	Amounts subject to pre-Regulation (EU) No. 575/2013 treatment or prescribed residual amount of Regulation (EU) No. 575/2013
Tier 2 (T2) capital: instruments and provisions		
Capital instruments and the related share premium accounts	377	
Amount of qualifying items referred to in Art. 484 (5) and the related share premium accounts subject to phase-out from T2	-	
Qualifying capital instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in row 5) issued by subsidiaries and held by third parties	0	(1)
Of which instruments issued by subsidiaries subject to phase-out		
Credit risk adjustments	192	
Tier 2 (T2) capital before regulatory adjustments	570	
Tier 2 (T2) capital: instruments and provisions		
Direct and indirect holdings by an institution of own T2 instruments and subordinated loans	-	-
Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution	-	-
Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions)	-	-
Of which new holdings not subject to transitional arrangements	-	-
Of which holdings existing before January 1, 2013 and subject to transitional arrangements	-	-
Direct holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions)	-	-
Regulatory adjustments applied to Tier 2 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in Regulation (EU) No. 575/2013 (i.e. CRR residual amounts)	-	
Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to Article 472 of Regulation (EU) No. 575/2013	-	
Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to Article 475 of Regulation (EU) No. 575/2013		
Amount to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre-CRR	46	
Of which subsidies received by leasing companies	-	
Of which unrealized gains on equity instruments reported as additional capital	46	
Of which restatement for holding of capital instrument	-	
Total regulatory adjustments to Tier 2 (T2) capital	**46**	
Tier 2 (T2) capital	**615**	
TOTAL CAPITAL (TC = T1 + T2)	**11,316**	
Of which items not deducted from CET1 (Regulation (EU) No. 575/2013, residual amounts) (items to be detailed line by line, for example, deferred tax assets that rely on future profitability net of related tax liabilities, indirect holding of own CET1, etc.)	-	
Of which items not deducted from AT1 (Regulation (EU) No. 575/2013, residual amounts) (items to be detailed line by line, for example, reciprocal cross holdings of AT1 capital instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc.)	-	
Of which items not deducted from T2 (Regulation (EU) No. 575/2013, residual amounts) (items to be detailed line by line, for example, indirect holdings of own T2 instruments, indirect holdings of non-significant investments in the capital of other financial sector entities, etc.)	-	
Total risk-weighted assets	**93,237,247**	

... Information on Basel III Pillar 3

(in € millions)	2014	Amounts subject to pre-Regulation (EU) No. 575/2013 treatment or prescribed residual amount of Regulation (EU) No. 575/2013
Capital ratios and buffers		
Common Equity Tier 1 capital (as a percentage of total risk exposure amount)	11.48%	
Tier 1 capital (as a percentage of total risk exposure amount)	11.48%	
Total capital (as a percentage of total risk exposure amount)	**12.14%**	
Institution-specific buffer requirement [CET1 requirement in accordance with Article 92 (1) (a)] plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount	-	
Of which capital conservation buffer requirement	-	
Of which countercyclical buffer requirement	-	
Of which systemic risk buffer requirement	-	
Of which global systemically important institution (G-SII) or other systemically important institution (O-SII) buffer	-	
Common Equity Tier 1 capital available to meet buffers (as a percentage of total risk exposure amount)	6.98%	
Amounts below thresholds for deduction (before risk weighting)		
Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	405,433	
Direct and indirect holdings of the capital of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	28,164	
Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liabilities when the conditions in Art. 38 (3) are met)	166,431	
Applicable caps on the inclusion of provisions in Tier 2 capital		
Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)	-	
Cap on inclusion of credit risk adjustments in T2 under standardized approach	-	
Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	191,991	
Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	296,097	
Capital instruments subject to phase-out arrangements (only applicable between January 1, 2014 and January 1, 2022)		
Current cap on CET1 instruments subject to phase-out arrangements	-	
Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
Current cap on AT1 instruments subject to phase-out arrangements	-	
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
Current cap on T2 instruments subject to phase-out arrangements	-	
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

Capital adequacy

Pillar 2 of the Basel accord requires banks to carry out their own assessment of their economic capital and to use stress scenarios to assess their capital requirements in the event of an economic downturn. The effect of this pillar is to structure the dialogue between the bank and the ACPR on the adequacy of the institution's capital.

The work carried out by the group to bring it into compliance with the requirements of Pillar 2 is in line with improvements being made to the credit risk measuring and monitoring procedures.

During 2008, the group introduced its internal capital assessment process in accordance with the Internal Capital Adequacy Assessment Process (ICAAP). The methods for measuring economic need have been broadened and, at the same time, management and control procedures have been drafted with the aim of defining the group's risk policy and various stress scenarios have been developed. These have enhanced the process for assessing economic capital and forecasts within the group.

This process is carried out for credit, sector concentration, unit concentration, market, operational, and reputation risks and for risks associated with the insurance activities.

The difference between economic capital and regulatory capital (which will be supplemented by the countercyclical contract starting on January 1, 2016) constitutes the margin which enables the level of the group's capital to be secured. This margin depends on the group's risk profile and its degree of risk aversion.

... Information on Basel III Pillar 3

(in € millions)	2014
CAPITAL REQUIREMENTS IN RESPECT OF CREDIT RISK	**6,639**
Standardized approach	**1,205**
Central governments or central banks	37
Regional or local authorities	11
Public-sector entities	0
Multilateral development banks	0
International organizations	0
Credit institutions	42
Corporates	611
Retail customers	188
Exposures secured by a mortgage on immovable property	190
Exposures in default	56
Exposures associated with particularly high risk	24
Exposures in the form of covered bonds	4
Items representing securitization positions	14
Exposures to institutions and corporates with a short-term credit assessment	
Exposures in the form of units or shares in collective investment undertakings (CIUs)	0
Equity exposures	11
Other	17

(in € millions)	2014
Internal ratings-based approach	**5,431**
Central governments and central banks	
Credit institutions	282
Corporates	3,161
- Of which specialized financing weighted at:	
50%	*17*
70%	*215*
90%	*61*
115%	*46*
250%	*18*
0%	
Retail customers	
- Small and medium-sized entities	187
- Exposures secured by immovable property collateral	586
- Renewable exposures	24
- Other	120
Equities	816
- Private equity (190% weighting)	*233*
- Significant financial sector holdings (250% weighting)	*5*
- Listed equities (290% weighting)	*15*
- Other equities (370% weighting)	*562*
Securitization positions	34
Other non credit-obligation assets	221
Counterparty default risk	**3**
CAPITAL REQUIREMENTS IN RESPECT OF MARKET RISK	**248**
Position risk	240
Currency risk	7
Settlement-delivery risk	0
Commodity risk	1
CAPITAL REQUIREMENTS IN RESPECT OF OPERATIONAL RISK	**532**
Internal ratings-based approach (AMA)	511
Standardized approach	5
Foundation approach	16
CAPITAL REQUIREMENTS IN RESPECT OF THE CVA	**40**
CAPITAL REQUIREMENTS IN RESPECT OF MAJOR RISKS	
TOTAL CAPITAL REQUIREMENTS	**7,459**

Concentration risk

Exposures by category

Although historically most of CIC's business has been in the corporate sector, it is gradually increasing its presence in the retail segment. It nevertheless retains a presence in the corporate sector.
The composition of the CIC group's portfolio reflects these fundamentals, with retail customers continuing to represent 38% at December 31, 2014.

Exposure category (in € millions)	2014 IRBA	2014 Standardized	2014 Total	2013 IRBA	2013 Standardized	2013 Total	Average exposure 2014
Central governments and central banks		31.0	31.0		23.3	23.3	28.2
Credit institutions	24.4	7.2	31.6	24.5	7.0	31.5	30.2
Corporates	73.2	19.7	92.9	80.9	8.9	89.8	90.3
Retail customers	95.4	7.5	102.9	95.0	7.4	102.4	102.3
Equities	3.6	0.3	3.9	2.6	0.3	2.9	3.9
Securitization	3.6	0.2	3.9	3.0	0.3	3.3	3.6
Other assets not corresponding to credit obligations	2.9	0.2	3.1	2.8	0.3	3.1	3.1
TOTAL	**203.1**	**66.1**	**269.2**	**208.8**	**47.5**	**256.3**	**261.6**

The group has focused on the most advanced forms of the Basel II accord, beginning with its core business, retail banking.

The ACPR has authorized it to use its internal ratings system to calculate its capital adequacy requirements in respect of credit risk:
- using the advanced method, as from June 30, 2008, for the retail customer portfolio;
- using the foundation method, as from December 31, 2008, for the bank portfolio;
- using the advanced method, as from December 31, 2012, for the corporate and bank portfolio.

In the case of the regulatory credit institution, corporate and retail customer portfolios, the group was authorized to use advanced internal methods in respect of 85% of the exposures at December 31, 2014.
In agreement with the ACPR's General Secretariat, the group uses, and will continue to use, the standardized method to measure the capital adequacy requirements of the central governments and central banks portfolio. The standardized method has been applied in the case of CM-CIC Factor's foreign subsidiaries since December 31, 2013.

Share of gross exposures for the credit institution, corporate and retail customer categories	2014 IRBA	2014 Standardized	2013 IRBA	2013 Standardized
IRB gross exposures/Total gross exposures	84.9%	15.1%	89.6%	10.4%

Exposures by counterparty's country of residence

Exposure category	France	Germany	Belgium	Luxembourg	Rest of the world	Total 2014
Central governments and central banks	10.4%	0.1%	0.0%	0.1%	2.3%	13.0%
Credit institutions	9.8%	0.3%	0.0%	0.1%	1.7%	11.9%
Corporates	24.2%	0.7%	0.6%	1.2%	5.5%	32.1%
Retail customers	39.9%	0.1%	0.1%	0.2%	2.6%	43.0%
TOTAL	**84.4%**	**1.3%**	**0.7%**	**1.5%**	**12.1%**	**100%**

CIC operates mainly in France and the rest of Europe. The geographic breakdown of gross exposures at December 31, 2014 reflects this as 88% of its commitments are in the European Economic Area.

... Information on Basel III Pillar 3

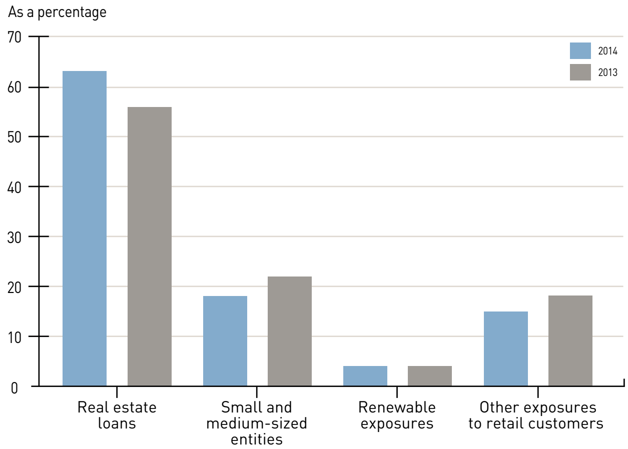
Exposures by sector

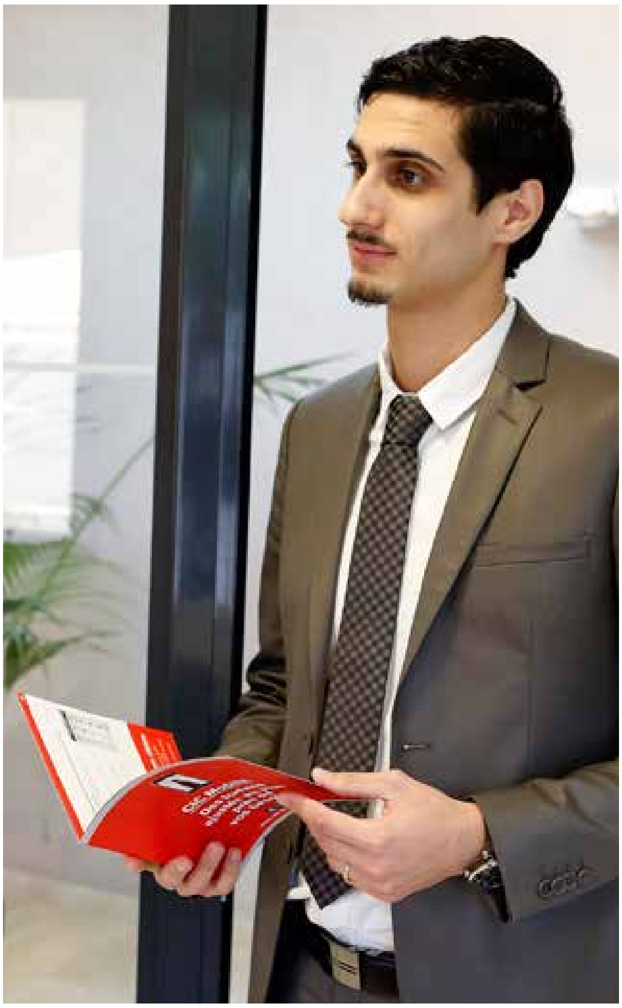
The scope for the breakdown by business sector consists of central governments and central banks, credit institutions, corporates and retail customers.

Exposure categories	2014	2013
Public administrations	12%	10%
Farming	1%	1%
Food and beverage	2%	2%
Other financial activities	3%	3%
Banks and financial institutions	12%	13%
Building and construction materials	5%	5%
Industrial goods and services	4%	4%
Distribution	5%	5%
Miscellaneous	1%	1%
Unincorporated businesses	3%	3%
Holding companies and conglomerates	3%	3%
Real estate	3%	3%
Automotive industry	1%	1%
Media	1%	1%
Retail	32%	34%
Oil and gas and commodities	2%	2%
Household products	1%	1%
Health	1%	1%
Utilities	1%	1%
Advanced technology	2%	2%
Industrial transportation	2%	2%
Travel and leisure	2%	2%
Telecommunications	1%	0%
TOTAL	**100%**	**100%**

Breakdown of retail customer portfolio

Outstanding loans to retail customers totaled €102.9 billion at December 31, 2014, 0.4% higher than at December 31, 2013. The following chart provides a breakdown of this portfolio by regulatory sub-category.





Credit risk adjustment

The definitions for accounting purposes of "past due" and "impaired", the description of the approaches and methods adopted for determining specific and general credit risk adjustments, and the breakdown of additions and reversals for fiscal year 2014 are presented in the notes to the consolidated financial statements. Net additions to/reversals from provisions for customer loan losses were broadly stable during the period (the trend is the same for the parameters used under the internal ratings-based approach to calculate expected losses).

The tables below categorize outstanding non-performing loans and loans in litigation and the related provisions at December 31, 2014 according to their Basel treatment method. The group's information systems also have the ability to identify the restructured loans in its portfolios of performing loans and loans in default, defined according to the principles established by the EBA on October 23, 2013.

Breakdown of outstandings covered by the internal approach

Exposure category (in € billions)	2014 Gross exposures	2014 Exposure At Default (EAD)	2014 of which defaulted EAD	Provisions 2014	Provisions 2013
Central governments and central banks					
Credit institutions	24.4	23.2	0.0	0.0	0.0
Corporates	73.2	59.3	1.6	0.8	0.8
Retail customers	95.4	90.2	3.4	1.7	1.8
- Exposures secured by immovable property collateral	61.2	60.6	1.5	0.5	0.4
- Revolving	4.2	2.4	0.1	0.1	0.1
- SMEs	16.1	14.3	1.3	0.8	1.0
- Other	13.8	12.9	0.4	0.4	0.4
Equities	3.6	3.6	NA	0.0	0.0
Securitization positions	3.6	3.6	NA	0.2	0.3
Other non credit-obligation assets	2.9	2.7	NA	0.0	0.0

The provisions included in this table consist of provisions applied to non-performing loans (individual provisions). Information about collective provisions is provided in the notes to the consolidated financial statements.

Breakdown of outstandings covered by the standardized approach

Exposure category (in € billions)	2014 Gross exposures	2014 Exposure At Default (EAD)	2014 of which defaulted EAD	Provisions 2014	Provisions 2013
Central governments and central banks	31.0	30.7	0.0	0.0	0.0
Credit institutions	7.2	7.1	0.0	0.0	0.0
Corporates	19.7	9.8	0.3	0.1	0.1
Retail customers	7.5	7.0	0.1	0.0	0.0
Equities	0.3	0.3	NA	0.0	0.0
Securitization positions	0.2	0.2	NA	0.0	0.0
Other non credit-obligation assets	0.2	0.2	NA	0.0	0.0

The provisions included in this table consist of provisions applied to non-performing loans (individual provisions). Information about collective provisions is provided in the notes to the consolidated financial statements.

Exposures in default by geographic region

Breakdown at December 31, 2014 of gross exposures of non-performing loans and loans in litigation (%)

Exposure category	France	Germany	Belgium	Luxembourg	Rest of the world	Total 2014
Central governments and central banks	0.1%	0.0%	0.0%	0.0%	0.0%	0.1%
Credit institutions	0.1%	0.0%	0.0%	0.0%	0.0%	0.2%
Corporates	33.2%	0.1%	0.1%	0.4%	2.0%	35.8%
Retail customers	62.9%	0.1%	0.2%	0.0%	0.8%	63.9%
TOTAL	**96.3%**	**0.2%**	**0.2%**	**0.4%**	**2.8%**	**100%**

Standardized approach

Exposures under the standardized approach

Exposure under the standardized approach (in € billions)	2014 Gross exposures	2014 Exposure At Default (EAD)
Central governments and central banks	31.0	30.7
Credit institutions	7.2	7.1
Of which local and regional authorities	*0.7*	*0.7*
Corporates	19.7	9.8
Retail customers	7.5	7.0
Equities	0.3	0.3
Securitization positions	0.2	0.2
Other non credit-obligation assets	0.2	0.2
TOTAL	**66.1**	**55.4**

Use of external credit rating agencies

The group uses the rating agencies' assessments to measure sovereign risk on exposures linked to central governments and central banks. The cross-reference table used to link the credit quality steps to the external ratings taken into consideration is that defined in the regulations.
Exposures to central governments and central banks are almost exclusively weighted at 0%. The capital requirements associated with this portfolio are evidence that the group's sovereign risk is limited to high-quality counterparties.

Rating system

Description and control of rating system

A single rating system for the entire Crédit Mutuel group
Rating algorithms and expert models have been developed to improve the group's credit risk assessment and to comply with the regulatory requirements concerning internal rating approaches. This system is used by the entire Crédit Mutuel group.
Confédération Nationale du Crédit Mutuel (CNCM) is responsible for defining the rating methodologies for all portfolios. Nevertheless, the regional entities are directly involved in carrying out and approving working parties' assignments on specific subjects and the work related to data quality and applications acceptance tests. The counterparty rating system is common to the entire group.
The group's counterparties eligible for internal approaches are rated by a single system which is based on:

- statistical algorithms or "mass ratings" reliant on one or more models based on a selection of variables that are representative and predictive of risk for the following segments:
  - individuals,
  - retail legal entities,
  - non-trading real estate companies
  - individual entrepreneurs,
  - farmers,
  - not-for-profit organizations,
  - corporates,
  - financing of corporate acquisitions;
- rating grids drawn up by experts for the following segments:
  - banks and covered bonds,
  - Large Corporates,
  - financing of large corporate acquisitions,
  - real estate,
  - insurance.

These models (algorithms or grids) are used to differentiate and correctly classify risk. The scale reflects the manner in which the risk changes and is broken down into eleven positions including nine performing positions (A+, A-, B+, B-, C+, C-, D+, D- and E+) and two default positions (E- and F).

A unified definition of default in accordance with Basel and accounting requirements
A unified definition of default has been adopted for Crédit Mutuel as a whole. Based on the principle of aligning prudential information with accounting information (CRC 2002-03), this is reflected in the matching of the Basel concept of loans in default and the accounting concept of non-performing loans and loans in litigation. Information systems take into account contagion, thereby enabling the downgrading to be extended to the related outstandings. The controls carried out by internal audit and by the statutory auditors ensure the reliability of the procedures for identifying defaults used to calculate capital adequacy requirements.

Internal ratings system formalized monitoring procedures

The quality of the ratings system is monitored using national procedures which specify the topics to be reviewed, the warning thresholds and responsibilities of the personnel involved. These documents are updated by CNCM's risk department as often as is necessary based on the decisions ratified.

Reporting of the monitoring of the mass rating models focuses on three main aspects: stability assessment, performance and various additional analyses. Reports are drawn up in respect of each mass rating model on a quarterly basis and supplemented by monitoring work and annual and half-yearly checks, which are more detailed.

As regards the expert grids, the system comprises comprehensive annual monitoring based on the carrying out of performance tests (analysis of rating concentrations, of transition matrices and of consistency with the external rating system) supplemented in the case of the Large Corporates and similar customers by interim monitoring carried out on a six-monthly basis.

The parameters used to calculate weighted risks are national and apply to all group entities.

The annual monitoring of default probabilities is carried out prior to any new estimate of the regulatory parameter. Depending on the portfolio, this monitoring is supplemented by intermediate monitoring, carried out on a half-yearly basis. The procedures for monitoring LGD (loss given default) and CCF (credit conversion factors) are implemented on an annual basis, their main objective being to validate, at the level of each segment, the values used by these parameters. In the case of loss given default, this validation is carried out mainly by verifying the strength of the prudence margin calculation methods and by reconciling the LGD estimators with the most recent data and actual figures. As regards the CCF, it is validated by reconciling the estimators with the most recent CCFs observed.

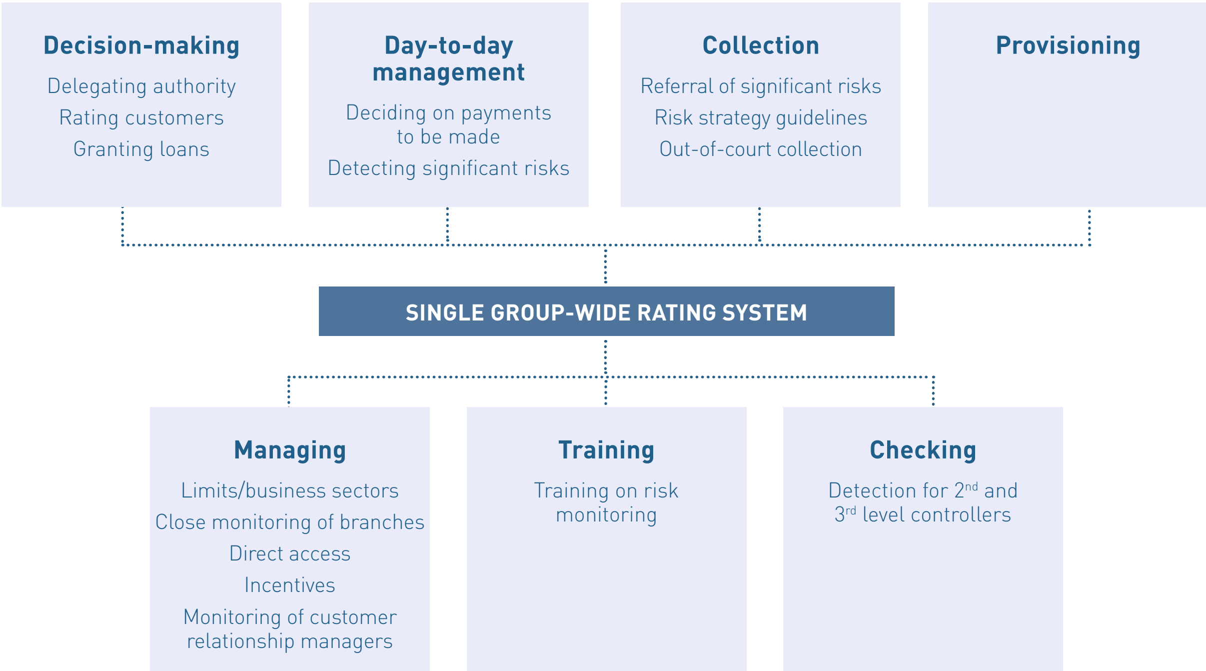
The internal rating system comes within the scope of both permanent and periodic controls

The group's permanent control plan concerning Basel II comprises two levels. At national level, permanent control is involved on the one hand in validating new models and significant adjustments made to existing models and, on the other hand, in the ongoing monitoring of the internal ratings system (and, in particular, its parameters). At regional level, permanent control verifies the overall suitability of the internal ratings system, the operational aspects related to the production and calculation of ratings, the credit risk management procedures directly related to the internal rating system and the quality of the data.

As regards periodic control, the group's audit unit carries out an annual review of the internal ratings system. A framework procedure defines the type of assignments to be carried out on an ongoing basis on the Basel II procedures as well as the breakdown of responsibilities between the regional and national audit units.

Integration of the internal ratings system into the group's operational processes

The regional groups implement the national Basel II procedures on the basis of measures tailored to their specific situation (composition of committees, risk management procedures, etc.). In accordance with the regulations, the Basel II procedures are implemented within the various Crédit Mutuel entities at all levels of the credit management process, as shown in the following diagram depicting the manner in which ratings are used.



The following measures ensure the overall consistency of the procedures:
- national governance of the internal ratings system;
- the circulation of national procedures by CNCM;
- communication between entities on practices (during plenary meetings or bilateral exchanges between CNCM and the groups or between group entities);
- the use by almost all group entities of two information systems, determining the Crédit Mutuel group's structure (same applications used on a national basis, possibility of use of common applications on a federation-wide basis);
- national reporting applications,
- audits carried out by permanent control and confederal inspection.

The aim of these applications and responsibilities is to ensure that the group complies with regulatory requirements and that the manner in which the internal ratings system is used is consistent throughout the group. Details of the methodological guidelines, progress made regarding the procedures and the main consequences of the reform are regularly presented to all Crédit Mutuel federations, CIC's banks and the group's subsidiaries.

Value exposed to risk dealt with under the advanced internal ratings-based approach by category and by internal rating (excluding exposures at default)

Credit institutions and corporates

2014 (in € millions)	Credit quality step	Gross exposure	Of which, off-statement of financial position	Exposure At Default (EAD)	Risk Weighted Assets (RWA)	Risk Weight (RW)	Expected Loss (EL)
Credit institutions	1	130	3	130	22	16.96	0
	2	14,579	387	14,377	152	1.06	0
	3	7,230	760	6,626	2,011	30.35	0
	4	621	106	573	183	31.98	0
	5	826	316	725	418	57.64	0
	6	805	248	699	596	85.34	0
	7	119	93	81	99	121.67	0
	8	54	53	21	33	154.19	0
	9	8	8	2	6	283.68	0
Large corporates	1	125	106	66	10	15.30	0
	2	379	272	256	47	18.35	0
	3	2,858	1,950	1,918	499	26.00	0
	4	6,411	5,039	3,699	1,228	33.22	0
	5	10,399	6,461	7,041	4,053	57.57	0
	6	6,523	4,207	4,270	3,786	88.67	0
	7	3,181	1,422	2,434	2,729	112.12	0
	8	3,007	1,133	2,352	3,602	153.16	0
	9	892	267	808	1,875	232.05	24
Other corporates	1	3,646	907	3,092	786	25.44	2
	2	6,522	1,096	5,894	1,691	28.69	5
	3	3,251	513	2,975	1,112	37.38	5
	4	4,115	659	3,758	1,785	47.51	12
	5	3,332	635	3,009	1,610	53.49	15
	6	3,185	496	2,970	2,291	77.15	28
	7	1,347	217	1,222	958	78.38	21
	8	690	79	650	634	97.51	19
	9	444	85	389	429	110.36	20
Corporates dealt with under the IRB Slotting approach*		6,039	869	5,785	4,470	77.28	43

* Specialized financing algorithms.

Retail – Individuals

2014 (in € millions)	Credit quality step	Gross exposure	Of which, off-statement of financial position	Exposure At Default (EAD)	Risk Weighted Assets (RWA)	Risk Weight (RW)	Expected Loss (EL)
Exposures secured by immovable property collateral	1	3,139	73	3,098	43	1.40	0
	2	16,444	279	16,285	270	1.66	1
	3	9,077	144	8,995	369	4.10	2
	4	7,105	92	7,053	575	8.15	3
	5	3,275	46	3,250	490	15.06	4
	6	1,540	17	1,530	393	25.67	4
	7	1,293	72	1,252	453	36.14	6
	8	1,248	10	1,242	610	49.12	11
	9	596	4	594	406	68.38	16
Revolving	1	218	169	83	1	1.21	0
	2	1,146	758	541	7	1.31	0
	3	821	470	446	13	3.03	0
	4	725	370	429	28	6.45	1
	5	338	156	214	28	12.94	1
	6	327	141	215	46	21.60	1
	7	227	85	160	54	33.53	2
	8	132	36	103	54	52.90	3
	9	50	8	44	38	87.68	3
Other	1	729	179	673	20	2.94	0
	2	3,241	541	3,046	73	2.40	0
	3	2,295	437	2,133	133	6.22	1
	4	1,887	334	1,767	205	11.59	1
	5	1,084	202	1,017	189	18.56	2
	6	783	158	742	193	26.07	3
	7	883	413	674	155	23.01	6
	8	406	49	393	123	31.37	6
	9	166	12	163	79	48.68	8

Retail – Other

2014 (in € millions)	Credit quality step	Gross exposure	Of which, off-statement of financial position	Exposure At Default (EAD)	Risk Weighted Assets (RWA)	Risk Weight (RW)	Expected Loss (EL)
Exposures secured by immovable property collateral	1	3,454	53	3,425	208	6.07	1
	2	4,598	80	4,554	461	10.11	3
	3	1,858	38	1,837	303	16.47	3
	4	1,941	53	1,913	497	25.97	6
	5	1,351	42	1,328	429	32.29	6
	6	1,107	26	1,093	456	41.68	8
	7	810	17	801	444	55.38	11
	8	431	6	428	269	62.95	9
	9	442	2	440	303	68.88	18
Revolving	1	43	27	21	1	3.00	0
	2	31	17	17	1	6.46	0
	3	13	7	8	1	11.82	0
	4	12	6	7	1	15.18	0
	5	7	3	4	1	22.06	0
	6	15	6	10	3	33.04	0
	7	7	3	5	2	46.86	0
	8	6	2	4	3	63.76	0
	9	4	1	4	3	90.13	0
SMEs	1	3,448	804	2,882	199	6.91	1
	2	2,804	548	2,431	274	11.29	3
	3	1,533	269	1,351	213	15.78	3
	4	1,867	334	1,645	300	18.26	6
	5	1,300	196	1,176	232	19.70	7
	6	1,512	261	1,347	292	21.67	16
	7	1,087	164	976	231	23.70	16
	8	694	80	640	190	29.65	19
	9	535	51	500	186	37.08	28
Other	1	534	40	513	34	6.55	0
	2	522	40	501	53	10.68	0
	3	190	19	180	28	15.69	0
	4	177	33	159	30	18.91	0
	5	195	36	174	51	29.08	1
	6	173	31	156	39	24.84	1
	7	78	8	74	21	28.29	1
	8	42	3	41	13	31.68	1
	9	45	2	44	18	40.87	2

The LGD (loss given default) used to calculate expected losses provides a cycle average estimate whereas the accounting information recorded relates to a given year. Consequently, a comparison of EL (expected loss) with losses for a given year is not relevant.

Credit risk reduction techniques

Netting and collateralization of repurchase agreements and over-the-counter derivatives

With the credit institution counterparties, *CM-CIC Marchés* supplements these agreements with collateralization contracts (Credit Support Annex: CSA).
These contracts are administered using the TriOptima platform. Thanks to margin calls, which are usually made on a daily basis, the residual net credit risk on over-the-counter derivatives and repurchase agreements is greatly reduced.

Description of the main categories of security interests taken into account by the institution

The manner in which the group uses guarantees in the calculation of weighted risks depends on the nature of the borrower, the calculation method adopted for the hedged exposure and the type of guarantee.
As regards contracts used for retail banking customers and dealt with under the Advanced Internal Ratings-Based Approach, guarantees are used as a basis for segmenting the loss in the event of default, calculated on a statistical basis on all the group's non-performing loans and loans in litigation.
As regards contracts used for "sovereign", "credit institution" and, in part, "corporate" portfolios, personal and financial sureties are used as risk reduction techniques, as defined by the regulations:

- personal sureties correspond to the commitment entered into by a third party to take the place of the primary debtor in the event said primary debtor defaults. By extension, credit derivatives (purchase of protection) are included in this category;
- financial sureties are defined by the group as the right of the institution to liquidate, retain or obtain the transfer or ownership of certain amounts or assets such as pledged cash deposits, debt securities, equities or convertible bonds, gold, units in UCITS, life insurance policies and all types of instruments issued by a third party and repayable on demand.

Use of the guarantee is only effective if said guarantee meets the legal and operational criteria laid down by the regulations.
Operational procedures describe the characteristics of the guarantees used, the eligibility criteria and the procedures for dealing with warnings generated in the event of non-compliance. Subsequent processing to calculate weighted risks taking into account risk reduction techniques is largely automated.

Procedures applied with regard to the valuation and management of instruments constituting security interests

The procedures used to value guarantees depend on the nature of the instrument constituting the security interest in property. Generally speaking, research carried out within Crédit Mutuel is based on statistical estimation methodologies, directly integrated into applications, based on external indices to which discounts may be applied depending on the type of asset accepted by way of guarantee. By exception, specific procedures stipulate expert valuations, particularly in the event that thresholds set for transactions are exceeded.
These procedures are drawn up at national level. Group entities are then responsible for operational management, monitoring valuations and calling guarantees.

The main categories of protection providers

Other than intra-group guarantees, the main categories of protection providers taken into account are mutual guarantee associations specializing in home loans.

Securitization

Objectives

In connection with its capital markets activities, the group's involvement in the securitization market concerns taking investment positions with a threefold aim: return, risk taking and diversification. The risks concerned are mainly credit risk on the underlying assets and liquidity risk including, in particular, the changes in the European Central Bank's eligibility criteria.
The activity is purely an investment activity relating to senior or mezzanine tranches, but which still benefit from an external rating.
In the context of specialized financing, the group assists its customers by acting as a sponsor (arranger or co-arranger) or sometimes as an investor in the context of the securitization of trade receivables. The conduit used is General Funding Ltd (GFL), which subscribes to senior units in the securitization vehicle and issues commercial paper. GFL benefits from a liquidity line granted by the group, which guarantees that it will place the conduit's commercial paper. The group is exposed mainly to credit risk on the portfolio of receivables ceded and to the risk of the capital markets drying up.

Capital markets activities: monitoring and control procedures

Market risks in respect of the securitization positions are monitored by the risks and results team using various courses of action and daily procedures which enable trends in market risks to be monitored. The risks and results team analyzes on a daily basis the trend in the results of the securitization strategies and explains it on the basis of risk factors. It monitors compliance with the limits set in the body of rules.

The group also reviews the credit quality of the securitization tranches on a daily basis by monitoring the ratings set by the external credit rating agencies Standard & Poor's, Moody's and Fitch Ratings. The actions of these agencies (upgrades, downgrades and credit watch placements) are analyzed. In addition, a quarterly summary of changes in ratings is prepared.

In the context of the counterparty limit management procedure, the following work is carried out: in-depth analysis of securitizations that have reached the group commitment approval level and of certain sensitive securitizations (issued in countries that are peripheral to the eurozone or that have been significantly downgraded). These analyses aim, in particular, to assess the level of credit enhancement of the position as well as the performance of the underlying.

In addition, a record is prepared for each securitization tranche, regardless of the approval level, summarizing the main characteristics of the tranche held, the structure and the underlying portfolio. In the case of securitizations issued on or after January 1, 2011, information about the performance of the underlyings has been added. This information is updated once a month. The agents' issue prospectuses and pre-sale documentation are also recorded and made available with the records, as well as the investor reports for the securitizations issued on or after January 1, 2011.

Finally, the capital markets business has an application for measuring the impact of various scenarios on the positions (trend in prepayments, defaults and recovery rates in particular).

Credit risk hedging policies

The capital markets business traditionally involves the purchase of securities. However, the purchase of protection in the form of Credit Default Swaps may be authorized and is governed, where relevant, by the procedures relating to the management of capital markets activities.

Prudential approaches and methods

Those entities authorized to use the internal ratings-based approach to credit risk apply the method based on the ratings. In all other cases, the standardized approach is used.

Accounting principles and methods

Securitization securities are recognized in the same way as other debt securities, i.e. based on their accounting classification. The accounting principles and methods are detailed in note 1 to the financial statements.

... Information on Basel III Pillar 3

Exposures by securitization type

Exposures are stated net of provisions.

Securitization by type

Exposure At Default (EAD) (in € billions)	Banking portfolio Standardized approach	Banking portfolio Internal ratings-based approach	Trading portfolio Internal ratings-based approach	Correlation portfolio Internal ratings-based approach
Investor				
- Traditional securitization	0.2	4.1	1.2	
- Synthetic securitization				0.9
- Traditional re-securitization				
- Synthetic re-securitization				
Sponsor		0.0		
TOTAL	**0.2**	**4.1**	**1.2**	**0.9**

Breakdown of outstandings by credit quality step

Exposure At Default (EAD) (in € billions)	Banking portfolio Standardized approach	Banking portfolio Internal ratings-based approach	Trading portfolio Internal ratings-based approach	Correlation portfolio Internal ratings-based approach
Credit quality step				
E1	0.1	2.6	1.1	
E2		0.5	0.0	
E3		0.1		
E4		0.2	0.0	
E5		0.0	0.0	
E6	0.1	0.0		
E7		0.1		
E8	0.0	0.0		
E9	0.0	0.0		
E10		0.0		
E11		0.0		
Positions weighted at 1,250%	0.0	0.5	0.0	
TOTAL	**0.2**	**4.1**	**1.2**	**0.9**

Capital requirement

(in € millions)				
TOTAL	**13.7**	**34.2**	**15.4**	**13.7**

Positions weighted at 1,250% of the banking portfolio and counted in exposures at default (EAD) are no longer included in the capital requirement as they are deducted from CET1 (see composition of the capital).

Equities

Value exposed to risk (in € billions)	2014	2013
Equities		
Under internal ratings-based approach		
Private equity (190%)	1.5	
Significant financial sector holdings (250% weighting)	0.0	
Exposures to listed equities (290%)	0.1	
Other exposures to equities (370%)	1.9	
Under standardized approach	0.3	
Of which private equity (150%)	*0.2*	
Holdings deducted from capital	0.0	
Total amount of unrealized gains and losses included in equity	0.2	
Of which unrealized gains included in Tier 2 capital	*0.0*	

The private equity business line is broken down into:
- the line covering equities under the internal ratings-based approach weighted at 190%; and
- the standardized approach weighted at 150%.

Trading desk counterparty risk

Counterparty risk concerns derivatives and repurchase agreements (repos) within the banking and trading portfolios, which are entered into mainly by *CM-CIC Marchés.*
In this context, netting and collateral agreements have been put in place with the main counterparties, which limit exposures to counterparty risk.
Capital adequacy requirements were mainly measured using the IRBA at December 31, 2014.

Counterparty risk

Value exposed to risk (in € billions)	2014	2013
Derivatives	5	4.3
Repurchase agreements (repos)*	0.4	0.3
TOTAL	**5.4**	**4.6**

* For securities received under repurchase agreements (repos), the value exposed to risk corresponds to the fully adjusted value.

Interest rate risk: banking portfolio

Those items relating to the measurement of capital requirements with regard to the banking portfolio's interest rate risk are dealt with in the section entitled "Risk management".

Market risks

Market risks are calculated on the trading portfolio. In the case of interest rate and equity risks, they result mainly from *CM-CIC Marchés* activities.
Counterparty risks concerning derivatives and repurchase agreements (repos) are detailed in the section entitled "Counterparty risk".
Those items relating to the measurement of capital requirements in respect of market risks are dealt with in the section entitled "Risk management".

Operational risk

Those items relating to the structure and organization of the function responsible for operational risk are dealt with in the section entitled "Risk management".
That section also meets the disclosure requirements concerning policy and procedures implemented on the one hand and reporting systems and risk measurement on the other hand.

Description of the advanced method approach (AMA)

In connection with the implementation of the operational risk advanced method approach (AMA) for measuring capital requirements in respect of operational risks, a dedicated, independent function is responsible for managing this risk.
The operational risk measurement and control procedures are based on mappings prepared by business line, object and risk type, in close collaboration with the functional departments and day-to-day risk management procedures. The mappings serve as a standardized framework for analysis of the loss experience and result in modeling drawn from the work of experts which is reconciled with probability-based estimates based on different scenarios.
For modeling purposes, the group relies mainly on the national database of internal losses. Information is included in this database in accordance with a national collection procedure which defines a uniform threshold of €1,000 above which each loss must be input and which governs reconciliations between the loss database and the accounting records.
In addition, the group subscribes to an external database which is used on an ongoing basis together with the methodologies for integrating this data into the operational risk measurement and analysis system.
The group's general management and reporting system incorporates the requirements of the order of November 3, 2014 on internal control. Exposures to operational risk and losses are reported to the effective managers on a regular basis and at least once a year.
The group's procedures in the areas of governance, collection of loss information and its risk measurement and management systems enable it to take the appropriate corrective action. These procedures are the subject of regular checks.

Authorized use of the AMA

The group has been authorized to use the advanced method approach to calculate regulatory capital requirements in respect of operational risk (with the exception of the deduction of expected losses from its capital requirements). This authorization came into effect on January 1, 2010 in the case of the consolidated companies except foreign subsidiaries and was extended to CM-CIC-Factor as from January 1, 2012 and to Banque de Luxembourg as from September 30, 2013.

Operational risk hedging and reduction policy

Operational risk mitigation techniques include:

- preventative actions identified during the mapping process and implemented directly by operational or permanent control staff;
- safeguard initiatives, which focus on the widespread implementation of contingency and disaster recovery plans.

These plans can be split into three components:

- emergency plan: this is triggered immediately and involves measures designed to handle emergencies and institute solutions for operating in a weakened environment;
- business continuity plan: this involves resuming activities under adverse conditions in accordance with predefined procedures;
- back-on-track plan.

An on-going national procedure deals with the methodology used in drawing up the contingency and disaster recovery plans. It constitutes a reference document accessible to all staff involved. It is applied by all the regional groups.

Use of insurance techniques

The French Prudential Supervision and Resolution Authority *(Autorité de contrôle prudentiel et de résolution – ACPR)* has authorized the group to take into account insurance as a factor to reduce its capital requirements in respect of operational risk under the advanced measurement approach with effect from the June 30, 2012 closing.

The principles applied to the financing of operational risks within the group depend on the frequency and severity of each potential risk, and consist of:

- taking out insurance for high frequency, low severity risks, or ensuring such risks are financed by withholding amounts on the operating account;
- taking out insurance for insurable serious or major risks;
- developing self-insurance for losses below insurers' excess levels;
- allocating regulatory capital reserves or provisions financed by underlying assets for serious risks that cannot be insured.

The group's insurance programs comply with the provisions governed by Article 323 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of June 26, 2013 concerning the deduction of insurance under the advanced method approach (AMA).

The insurance cover used in the deduction process includes damage to real and personal property (multi-risk), fraud (specific banking risks) and professional third-party liability.

Information on encumbered and unencumbered assets

Since December 31, 2014 and pursuant to Article 100 of the CRR, the CIC group has reported to the competent authorities the level of unencumbered assets at its disposal and their main characteristics. These assets may serve as collateral to obtain other financing on the secondary markets or from the central bank, and are therefore additional sources of liquidity.

An asset is considered "encumbered" if it serves as collateral, or may be used under contract, for the purpose of securing, collateralizing or enhancing a transaction from which it cannot be separated. In contrast, an "unencumbered" asset is one that is free from any legal, regulatory, contractual or other restrictions on the institution's ability to liquidate, sell, transfer, or assign the asset.

For example, the following types of contracts are included in the definition of encumbered assets:

- secured financing transactions, including repurchase agreements, securities lending and other forms of lending;
- collateralization agreements;
- collateralized financial guarantees;
- collateral placed in clearing systems, with clearing houses and with other institutions as a condition for access to service. This includes initial margins and default funds;
- central bank facilities. Pre-positioned assets should be considered unencumbered only if the central bank allows withdrawal of assets placed without prior approval;
- underlying assets from securitization structures, where these assets have not been derecognized by the structure. Assets underlying retained securities do not count as encumbered, unless these securities are pledged or collateralized in any way to secure a transaction;
- assets in cover pools used for covered bond issuance. These assets count as encumbered, except in certain situations where the entity holds these covered bonds (bonds issued for itself).

Assets placed at facilities that are not used and can be freely withdrawn should not be considered encumbered.

At December 31, 2014, the level and characteristics of the CIC group's encumbered and unencumbered assets were as follows:

Disclosure of encumbered assets

Table A - Assets (in € billions)	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Reporting institution's assets	**45.5**		**200.2**	
Capital instruments	0.1	0.1	3.1	3.1
Debt securities	9.8	10.0	12.3	12.1
Loans and advances	29.4		168.7	
Other assets	6.3		16.0	

Table B - Counter-guarantees received (in € billions)	Fair value of the encumbered counter-guarantee received or of encumbered own debt securities issued	Fair value of the counter-guarantee received or of own debt securities issued available to be encumbered
Counter-guarantees received by the relevant institution	**12.9**	**6.8**
Capital instruments	1.5	0.3
Debt securities	11.4	5.8
Other counter-guarantees received	0.0	0.6
Own debt securities issued, other than own covered bonds or asset-backed own securities	**0.0**	**0.0**

Table C - Encumbered assets/counter-guarantees received and the related liabilities (in € billions)	Corresponding liabilities, contingent liabilities or securities loaned	Assets, counter-guarantees received and own debt securities issued other than covered bonds and securities backed by encumbered assets
Reporting institution's assets	**30.9**	**31.2**

Financial statements

Consolidated statement of financial position

Assets

(in € millions)	Notes	2014	2013
Cash and amounts due from central banks	4	19,226	10,466
Financial assets at fair value through profit or loss	5	16,955	29,168
Derivatives used for hedging purposes	6	869	60
Available-for-sale financial assets	7	11,017	11,199
Loans and receivables due from credit institutions	4	34,538	29,926
Loans and receivables due from customers	8	146,739	136,767
Remeasurement adjustment on portfolios hedged for interest rate risk	9	659	622
Held-to-maturity financial assets	10	57	75
Current tax assets	11	431	416
Deferred tax assets	12	451	471
Accruals and other assets	13	11,409	10,421
Investments in associates	14	1,611	1,518
Investment property	15	37	31
Property and equipment and finance leases (lessee accounting)	16	1,412	1,485
Intangible assets	17	235	209
Goodwill	18	33	86
TOTAL		**245,679**	**232,920**

Liabilities and equity

(in € millions)	Notes	2014	2013
Due to central banks	19	59	460
Financial liabilities at fair value through profit or loss	20	11,190	26,660
Derivatives used for hedging purposes	6	4,192	1,403
Due to credit institutions	19	69,733	53,995
Due to customers	21	121,889	112,847
Debt securities	22	18,270	16,824
Remeasurement adjustment on portfolios hedged for interest rate risk	9	(1,007)	(807)
Current tax liabilities	11	214	208
Deferred tax liabilities	12	275	264
Accruals and other liabilities	23	6,615	6,571
Provisions	24	1,139	949
Subordinated notes	25	844	2,311
Equity		12,266	11,235
Attributable to owners of the company		*12,202*	*11,130*
- Capital stock		*608*	*608*
- Additional paid-in capital		*1,088*	*1,088*
- Consolidated reserves		*9,193*	*8,611*
- Unrealized gains and losses recognized directly in equity	*26a*	*197*	*(22)*
- Net income for the year		*1,116*	*845*
Non-controlling interests		*64*	*105*
TOTAL		**245,679**	**232,920**

... Financial statements

Consolidated income statement

(in € millions)	Notes	2014	2013
Interest income	28	10,192	8,133
Interest expense	28	(8,044)	(5,559)
Commission income	29	2,222	2,241
Commission expense	29	(476)	(469)
Net gain/(loss) on financial instruments at fair value through profit or loss	30	441	(122)
Net gain/(loss) on available-for-sale financial assets	31	74	263
Income from other activities	32	157	165
Expense on other activities	32	(156)	(186)
Net banking income		**4,410**	**4,466**
Payroll costs	33a	(1,662)	(1,653)
Other general operating expenses	33c	(1,090)	(1,071)
Depreciation and amortization	34	(159)	(164)
Operating income before provisions		**1,499**	**1,578**
Net additions to/reversals from provisions for loan losses	35	(206)	(367)
Operating income after provisions		**1,293**	**1,211**
Share of income/(loss) of associates	14	189	65
Net gain/(loss) on disposals of other assets	36	0	4
Income before tax		**1,482**	**1,280**
Corporate income tax	37	(358)	(429)
Net income		**1,124**	**851**
Non-controlling interests		8	6

NET INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY		**1,116**	**845**
Basic earnings per stock unit (in €)	38	29.54	22.35
Diluted earnings per stock unit (in €)	38	29.54	22.35

Statement of comprehensive income

(in € millions)	Notes	2014	2013
Net income		**1,124**	**851**
Translation adjustments		60	(18)
Remeasurement of available-for-sale financial assets		58	234
Remeasurement of hedging derivatives		9	9
Share of unrealized or deferred gains and losses of associates		106	5
Total gains and losses recognized directly in equity that may be recycled to profit or loss		**233**	**230**
Remeasurement of non-current assets			
Actuarial differences on defined benefit plans		(24)	8
Total gains and losses recognized directly in equity that may not be recycled to profit or loss		**(24)**	**8**
Net income and gains and losses recognized directly in equity		**1,333**	**1,089**
Attributable to owners of the company		*1,334*	*1,084*
Non-controlling interests		*(1)*	*5*

Headings relating to gains and losses recognized directly in equity are presented net of tax.

... Financial statements

Consolidated statement of changes in equity

(in € millions)	Capital stock	Additional paid-in capital	Elimination of treasury stock	Reserves[1]
Equity at Jan. 31, 2013	**608**	**1,088**	**(55)**	**8,284**
Appropriation of prior-year earnings				698
Dividends paid				(283)
Change in investments in subsidiaries without loss of control				(6)
Sub-total: movements arising from stockholder relations	**0**	**0**	**0**	**409**
Consolidated net income for the period				
Translation adjustments				
Changes in fair value of AFS financial assets[2]				
Changes in fair value of hedging instruments				
Changes in actuarial differences				
Sub-total	**0**	**0**	**0**	**0**
Effects of acquisitions and disposals on non-controlling interests				(1)
Restructuring and internal asset sales				(1)
Other movements				(25)
Equity at Dec. 31, 2013	**608**	**1,088**	**(55)**	**8,666**
Equity at Jan. 1, 2014	**608**	**1,088**	**(55)**	**8,666**
Appropriation of prior-year earnings				845
Dividends paid				(264)
Change in investments in subsidiaries without loss of control				(1)
Sub-total: movements arising from stockholder relations	**0**	**0**	**0**	**580**
Consolidated net income for the period				
Translation adjustments				
Changes in fair value of AFS financial assets[2]				
Changes in fair value of hedging instruments				
Changes in actuarial differences				
Sub-total	**0**	**0**	**0**	**0**
Effects of acquisitions and disposals on non-controlling interests				4
Restructuring and internal asset sales				(1)
Other movements				(1)
Equity at Dec. 31, 2014	**608**	**1,088**	**(55)**	**9,248**

(1) At December 31, 2014 reserves comprised the legal reserve for €61 million, the special long-term capital gains reserve for €287 million, retained earnings for €4,109 million, other CIC reserves for €320 million and post-acquisition retained earnings for €4,471 million.
(2) AFS: Available for sale.

At December 31, 2014, CIC's capital stock comprised 38,027,493 stock units with a par value of €16 each, including 229,741 treasury stock units.

Equity attributable to owners of the company						Non-controlling interests	Total consolidated equity
Gains and losses recognized directly in equity							
Translation adjustments	AFS financial assets[2]	Hedging Instruments	Actuarial differences	Net income for the year	Total		
29	**(218)**	**(20)**	**(52)**	**698**	**10,362**	**106**	**10,468**
				(698)	0		0
					(283)	(6)	(289)
					(6)	(1)	(7)
0	**0**	**0**	**0**	**(698)**	**(289)**	**(7)**	**(296)**
				845	845	7	852
(18)					(18)	(1)	(19)
	239				239		239
		9			9		9
			8		8		8
(18)	**239**	**9**	**8**	**845**	**1,083**	**6**	**1,089**
					(1)		(1)
					(1)		(1)
	1				(24)		(24)
11	**22**	**(11)**	**(44)**	**845**	**11,130**	**105**	**11,235**
11	**22**	**(11)**	**(44)**	**845**	**11,130**	**105**	**11,235**
				(845)	0		0
					(264)	(7)	(271)
					(1)	(5)	(6)
0	**0**	**0**	**0**	**(845)**	**(265)**	**(12)**	**(277)**
				1,116	1,116	8	1,124
68					68	1	69
	169				169		169
		11			11		11
			(24)		(24)		(24)
68	**169**	**11**	**(24)**	**1,116**	**1,340**	**9**	**1,349**
	(4)				0	(38)	(38)
					(1)		(1)
2	(2)	(1)			(2)		(2)
81	**185**	**(1)**	**(68)**	**1,116**	**12,202**	**64**	**12,266**

... Financial statements

Consolidated statement of cash flows

(in € millions)	2014	2013
Net income	1,124	851
Corporate income tax	358	429
Income before tax	**1,482**	**1,280**
Net depreciation/amortization expense on property and equipment and intangible assets	157	164
Impairment of goodwill and other non-current assets	(18)	18
Net additions to provisions and impairment	(121)	(22)
Share of income/loss of associates	(189)	(65)
Net loss/gain from investing activities	22	(32)
(Income)/expense from financing activities		
Other movements	33	(701)
Non-monetary items included in income before tax and other adjustments	**(116)**	**(638)**
Cash flows relating to interbank transactions	10,382	2,887
Cash flows relating to customer transactions	(438)	676
Cash flows relating to other transactions affecting financial assets or liabilities	(1,405)	1,360
Cash flows relating to other transactions affecting non-financial assets or liabilities	(987)	1,764
Taxes paid	(297)	(287)
Net decrease/(increase) in assets and liabilities from operating activities	**7,255**	**6,400**
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES (A)	**8,621**	**7,042**
Cash flows relating to financial assets and investments	**(4)**	**23**
Cash flows relating to investment property	**1**	**(5)**
Cash flows relating to property and equipment and intangible assets	**(59)**	**(98)**
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)	**(62)**	**(80)**
Cash flows relating to transactions with stockholders[1]	**(221)**	**(239)**
Other net cash flows relating to financing activities[2]	**(169)**	**(791)**
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES (C)	**(390)**	**(1,030)**
IMPACT OF MOVEMENT IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS (D)	**418**	**(145)**
Net increase/(decrease) in cash and cash equivalents (A + B + C + D)	**8,587**	**5,787**
Net cash flows from (used in) operating activities (A)	8,621	7,042
Net cash flows from (used in) investing activities (B)	(62)	(80)
Net cash flows from (used in) financing activities (C)	(390)	(1,030)
Impact of movements in exchange rates on cash and cash equivalents (D)	418	(145)
Cash and cash equivalents at beginning of year	**19,532**	**13,745**
Cash accounts and accounts with central banks	10,006	7,200
Demand loans and deposits – credit institutions	9,526	6,545
Cash and cash equivalents at end of year	**28,119**	**19,532**
Cash accounts and accounts with central banks	19,167	10,006
Demand loans and deposits – credit institutions	8,952	9,526
CHANGE IN CASH AND CASH EQUIVALENTS	**8,587**	**5,787**

(1) Cash flow relating to transactions with stockholders included:
- €264 million in dividends paid by CIC to its stockholders in respect of 2013;
- €7 million in dividends paid to non-controlling stockholders;
- €50 million in dividends received from associated companies.

(2) Other net cash flows relating to financing activities comprised:
- the redemption of super-subordinated notes amounting to €1,500 million;
- the issue and redemption of bonds representing a net amount of €1,331 million.

Notes to the consolidated financial statements

Note 1: Summary of significant accounting policies and valuation and presentation methods

Pursuant to regulation (EC) 1606/2002 on the application of international accounting standards and regulation (EC) 1126/2008 on the adoption of said standards, the consolidated financial statements have been drawn up in accordance with IFRS as adopted by the European Union at December 31, 2014. These standards include IAS 1 to 41, IFRS 1 to 8 and 10 to 12 and any SIC and IFRIC interpretations adopted at that date. Standards not adopted by the European Union have not been applied. All IAS and IFRS were updated on November 3, 2008 by regulation 1126/2008 that replaced regulation 1725/2003. The entire framework is available on the European Commission's website at:
http://ec.europa.eu/internal_market/accounting/ias/index_en.htm
The financial statements are presented in accordance with the format specified in recommendation no. 2013-04 of the French Accounting Standards Board *(Autorité des normes comptables – ANC)* on IFRS financial statements. They comply with the international accounting standards as adopted by the European Union.
Information on risk management required by IFRS 7 is provided in a specific section in the management report.

Standards and interpretations applied as from January 1, 2014

- IFRS 10, IFRS 11, IFRS 12 and IAS 28R relating to consolidation, which have introduced the following changes:
  - a model whereby the consolidation of an entity is based solely on the concept of control, with a single definition of control applicable to any type of entity ("conventional" or "special purpose");
  - an application guide for situations where control is more difficult to assess, comprising, in particular, information on the distinction between substantive rights and protective rights and on the analysis of the principal/agent relationship;
  - elimination of the proportional consolidation method for joint arrangements, which are now recognized using the equity method;
  - new disclosures regarding the determination of the consolidation scope and the risks associated with interests in other entities (subsidiaries, joint arrangements, associates and unconsolidated structured entities).

- Amendments to:
  - IAS 32 aimed at clarifying the conditions under which the criteria for offsetting financial assets and liabilities are applied;
  - IAS 39 on the novation of derivatives. This amendment allows the continued use of hedge accounting on an exceptional basis in situations where a derivative that was designated as a hedging instrument is transferred by novation from one counterparty to a central counterparty as a result of laws or regulations;
  - IAS 36 aimed at clarifying the scope of disclosures regarding the recoverable amount of non-financial assets.

  These amendments did not have a material impact on the group's financial statements.

Standards and interpretations adopted by the European Union and not yet applied due to their application date

- IFRIC 21, *Levies*, which will be applied as from January 1, 2015 and whose impact is expected to be limited.

Use of estimates in the preparation of the financial statements

Preparation of the financial statements may require the use of assumptions and estimates that are reflected in the measurement of income and expense in the income statement and of assets and liabilities in the statement of financial position, and in the disclosure of information in the notes to the financial statements.
This requires managers to draw upon their judgment and experience and make use of the information available at the date of preparation of the financial statements when making the necessary estimates.
This applies in particular to:
- the impairment of debt and equity instruments;
- the use of calculation models when valuing financial instruments that are not listed on an active market and are classified in "Available-for-sale financial assets", "Financial assets at fair value through profit or loss" or "Financial liabilities at fair value through profit or loss";
- calculation of the fair value of financial instruments that are not listed on an active market and are classified in "Loans and receivables" or "Held-to-maturity financial assets" for which this information must be provided in the notes to the financial statements;
- impairment tests performed on intangible assets;
- measurement of provisions, including retirement obligations and other employee benefits.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market and which are not intended at the time of their acquisition or grant to be sold. They include loans granted directly by the group or its share in syndicated loans, purchased loans and debt securities that are not listed on an active market. Loans and receivables are measured initially at fair value, which is usually the net amount disbursed at inception. They are subsequently carried at amortized cost using the effective interest rate method.
The interest rates applied to loans granted are deemed to represent market rates, since they are constantly adjusted in line with the interest rates applied by the vast majority of competitor banks.
The restructuring of a loan due to the borrowers' financial problems requires novation of the contract. Following the definition of this concept by the European Banking Authority, the group has integrated it into its information systems to ensure consistency between the accounting and prudential definitions. The relevant financial information is included in the management report.
The fair value of loans and receivables is disclosed in the notes to the financial statements at the end of each reporting period and corresponds to the net present value of future cash flows estimated using a zero-coupon yield curve that includes an issuer cost inherent to the debtor.

Commissions received or paid that are directly related to setting up the loan and are treated as an additional component of interest are recognized over the life of the loan using the effective interest rate method and are shown under interest items in the income statement.

Impairment of loans and receivables and available-for-sale or held-to-maturity debt instruments and provisions for financing commitments and financial guarantees given

Individual impairment of loans

Impairment is recognized when there is objective evidence of a measurable decrease in value as a result of an event occurring after inception of a loan or group of loans, and which may lead to a loss. Loans are tested for impairment on an individual basis at the end of each reporting period. The amount of impairment is equal to the difference between the carrying amount and the present value of the estimated future cash flows associated with the loan, discounted at the original effective interest rate. For variable-rate loans, the last known contractual interest rate is used.

Loans on which one or more installments are more than three months past due (six months in the case of real estate loans and nine months for local authority loans) are deemed to represent objective evidence of impairment. Likewise, an impairment loss is recognized when it is probable that the borrower will not be able to repay the full amount due, when an event of default has occurred, or where the borrower is subject to court-ordered liquidation.

Impairment charges and provisions are recorded in net additions to/reversals from provisions for loan losses. Reversals of impairment charges and provisions are recorded in net additions to/reversals from provisions for loan losses for the portion relating to the change in risk and in net interest for the portion relating to the passage of time. Impairment provisions are deducted from the asset in the case of loans and receivables and the provision is recorded under provisions in liabilities for financing and guarantee commitments.

Loan losses are recorded in losses and the corresponding impairments and provisions are written back.

Collective impairment of loans (portfolio-based impairment)

Customer loans that are not individually impaired are risk-assessed on the basis of loan portfolios with similar characteristics. This assessment draws upon internal and external rating systems, the estimated probability of default, the estimated loss rate, and the amount of loans outstanding. Portfolio-based impairment is deducted from the carrying amount of the assets concerned, while any movements in impairment are included in "Net additions to/reversals from provisions for loan losses" in the income statement.

Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or a series of payments the right to use an asset for an agreed period of time.

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

An operating lease is a lease other than a finance lease.

Finance leases – lessor accounting

In accordance with IAS 17, finance lease transactions with non-group companies are included in the consolidated statement of financial position in an amount corresponding to the net investment in the lease.

In the lessor's financial statements, the analysis of the economic substance of the transaction results in the recognition of a financial receivable due from the customer. This amount is reduced in line with lease payments received, which are broken down between principal repayments and interest.

Finance leases – lessee accounting

In accordance with IAS 17, assets acquired under finance leases are included in property and equipment and an obligation in the same amount is recorded as a liability. Lease payments are broken down between principal repayments and interest.

Financial guarantees (sureties, guarantees and other undertakings) and financing commitments given

Financial guarantees are treated like an insurance policy when they provide for specified payments to be made to reimburse the holder for a loss incurred because a specified debtor fails to make payment on a debt instrument on the due date.

In accordance with IFRS 4, these financial guarantees are still measured using French GAAP, pending an addition to the standards to enhance the current mechanism. Consequently, these guarantees are subject to a provision in liabilities in the event of a likely outflow of resources.

By contrast, financial guarantees that provide for payments in response to changes in a financial variable (price, credit rating or index, etc.) or non-financial variable, provided that in this event the variable is not specific to one of the parties to the agreement, fall within the scope of application of IAS 39. These guarantees are thus treated as derivatives.

Financing commitments that are not regarded as derivatives within the meaning of IAS 39 are not shown in the statement of financial position. However, a provision is made in accordance with IAS 37.

Purchased securities

Securities held by the group are classified in the categories defined in IAS 39: financial instruments at fair value through profit or loss, held-to-maturity financial assets, available-for-sale financial assets and loans.

Held-to maturity financial assets

Classification

Held-to-maturity financial assets are financial assets listed on an active market, with fixed or determinable payments that the group has the positive intention and ability to hold to maturity, other than those that the group has designated at fair value through profit or loss or as available for sale. The positive intention and ability to hold to maturity are assessed at the end of each reporting period.

Basis for recognition and measurement of related income and expenses

Held-to-maturity investments are recognized upon acquisition at their fair value including transaction costs, which are deferred as they are included in the calculation of the effective interest rate. Held-to-maturity investments are subsequently measured at amortized cost using the effective interest rate method, which builds in the actuarial amortization of premiums and discounts (corresponding to the difference between the purchase price and redemption value of the asset).

Income earned from this category of investments is included in "Interest income" in the income statement.

Should a credit risk arise, impairment on held-to-maturity financial assets is calculated in the same way as for loans and receivables.

Available-for-sale financial assets

Classification

Available-for-sale financial assets are financial assets that have not been classified as loans and receivables, held-to-maturity financial assets or financial assets at fair value through profit or loss.

Basis for recognition and measurement of related income and expenses

Available-for-sale financial assets are carried at fair value until disposal. Changes in fair value are shown on the "Unrealized or deferred gains and losses" line within a specific equity account. On disposal or recognition of an impairment in value, the unrealized gains and losses recorded in equity are transferred to the income statement. Purchases and sales are recognized at the settlement date.

Income derived from fixed-income available-for-sale securities is recognized in the income statement under "Interest income", using the effective interest method. Dividend income relating to variable-income available-for-sale securities is taken to income under "Net gain/(loss) on available-for-sale financial assets".

Impairment of available-for-sale debt instruments

Impairment losses are calculated based on fair values. They are recognized in "Net additions to/reversals from provisions for loan losses" and are reversible. In the event of impairment, any unrealized or deferred gains or losses are written back to the income statement.

Impairment of available-for-sale equity instruments

An equity instrument is impaired when there exists objective evidence of impairment, either in the event of:

a) a significant or lasting decline in the fair value to below cost, or;

b) the existence of information on significant changes that have a negative impact and have arisen in the technological, market, economic or legal environment in which the issuer operates and which indicates that the cost of the investment may not be recovered.

In the case of an equity instrument, the loss of at least 50% of its value compared with its acquisition cost or a loss of value lasting more than 36 consecutive months implies an impairment. Such instruments are analyzed on a line-by-line basis. Judgment must also be exercised for securities that do not meet the above criteria but for which it is considered that recovery of the amount invested in the near future cannot reasonably be expected.

Impairment is recognized under "Net gain/(loss) on available-for-sale financial assets" and is irreversible so long as the instrument is carried in the statement of financial position. Any subsequent impairment is also recognized in the income statement. In the event of impairment, any unrealized or deferred gains or losses are written back to the income statement.

Financial instruments at fair value through profit or loss

Classification

Financial instruments at fair value through profit or loss comprise:

a) financial instruments held for trading purposes, consisting mainly of instruments that:
   - were acquired or incurred principally for the purpose of selling or repurchasing them in the near term; or
   - are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
   - represent derivatives not classified as hedges.

b) financial instruments designated at inception as at fair value through profit or loss in accordance with the fair value option provided by IAS 39. The fair value option is designed to help entities produce more relevant information, by enabling:
   - certain hybrid instruments to be measured at fair value without separating out embedded derivatives, provided the embedded derivative has a material impact on the value of the instrument;
   - a significant reduction in accounting mismatches between certain assets and/or liabilities: this is particularly the case where a hedging relationship (interest rate or credit) cannot be established;
   - a group of financial assets and/or liabilities to be managed and monitored for performance in accordance with a risk management or investment strategy on a fair value basis. This category mainly includes all securities held in the private equity portfolio.

Basis for recognition and measurement of related income and expenses

Financial instruments included in this category are recognized in the statement of financial position at fair value up to the date of their disposal. Changes in fair value are taken to the income statement under "Net gain/(loss) on financial instruments at fair value through profit or loss". Income earned on fixed-income securities in this category is included in the income statement under "Interest income". Purchases and sales of securities at fair value through profit or loss are recognized on the settlement date. Any changes in fair value between the transaction date and settlement date are recognized in the income statement. Fair value also incorporates an assessment of counterparty risk on these instruments.

Fair value

Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability as part of a normal transaction between market participants on the measurement date. The fair value of an instrument upon initial recognition is generally its transaction price.

If the instrument is traded on an active market, the best estimate of fair value is the quoted price.

The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price, and for an asset to be acquired or liability held, the ask price.

When the bank has assets and liabilities with offsetting market risks, the net position is valued at the bid price for a net asset held or a net liability to be issued and at the ask price for a net asset to be acquired or liability held.

A market is deemed to be active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions in very similar instruments carried out on an arm's length basis.

Observable market data are used provided they reflect the reality of a transaction at arm's length on the valuation date and there is no need to make an excessive adjustment to said value. In other cases, the group uses non-observable data (mark-to-model).

Derivatives are remeasured based on available observable market data such as yield curves to which the bid/ask price is then applied.

When observable data is not available or when market price adjustments require the use of non-observable data, the entity may use internal assumptions relating to future cash flows and discount rates, comprising adjustments linked to the risks the market would factor in. Said valuation adjustments facilitate the inclusion, in particular, of risks not taken into account by the model, of liquidity risks associated with the instrument or parameter concerned, and specific risk premiums designed to offset certain additional costs that would result from the dynamic management strategy associated with the model under certain market conditions.

As regards derivatives that constitute a receivable, their valuation also incorporates the risk of the counterparty defaulting. When a derivative constitutes a debt, its valuation takes into account the risk of the group entity owning it defaulting.

A multi-criteria approach is adopted to determine the value of securities held in the private equity portfolio, backed by historical experience of valuing unlisted companies.

Fair value of financial instruments

There are three levels of fair value of financial instruments, as defined by IFRS 13:

- level 1: prices quoted on active markets for identical assets or liabilities: this concerns, in particular, debt securities with prices quoted by at least three contributors and derivative instruments quoted on a regulated market;
- level 2: data other than the level 1 quoted prices, which are observable for the asset or liability concerned, either directly (i.e. prices) or indirectly (i.e. data derived from prices); included, in particular, in level 2 are interest rate swaps whose fair value is generally determined with the help of yield curves based on market interest rates observed at the end of the reporting period;

- level 3: data relating to the asset or liability that are not observable market data (non-observable data). The main constituents of this category are investments in non-consolidated companies, whether or not held via venture capital entities, in the capital markets activities, debt securities quoted by a single contributor and derivatives using mainly non-observable parameters. The instrument is classified within the same hierarchy level as the input of the lowest level that is significant for the fair value taken as a whole. Given the diversity and volume of the instruments measured at level 3, the sensitivity of the fair value to the change in the parameters would be immaterial.

Financial instruments at fair value through profit or loss – derivatives

A derivative is a financial instrument:

a) whose fair value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, price index, rate index or credit index, or other variable – sometimes called the "underlying";

b) which requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts exhibiting a similar response to changes in the underlying;

c) which is settled at a future date.

Derivatives are classified as financial instruments held for trading except when they are part of a designated hedging relationship.

Derivatives are recorded in the statement of financial position under financial instruments at fair value through profit or loss. Changes in fair value and interest accrued or payable are recognized in "Net gain/(loss) on financial instruments at fair value through profit or loss".

Derivatives qualifying for hedge accounting in accordance with IAS 39 are classified as fair value hedges or cash flow hedges, as appropriate. All other derivatives are classified as trading items, even if they were contracted for the purpose of hedging one or more risks.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Embedded derivatives are separated from the host contract and accounted for as a derivative at fair value through profit or loss provided that they meet the following conditions:

- they meet the definition of a derivative;
- the hybrid instrument hosting the embedded derivative is not measured at fair value through profit or loss;
- the economic characteristics and associated risks of the embedded derivative are not closely related to those of the host contract.

Financial instruments at fair value through profit or loss – derivatives – structured products

Structured products are products created by bundling basic instruments – generally options – to exactly meet customer needs. CIC offers various categories of structured products based on plain vanilla options, binary options, barrier options, Asian options, lookback options, options on several assets and index swaps.

There are three main methods of valuing these products: methods consisting of solving a partial differential equation, discrete time tree methods and *Monte Carlo* methods. CIC uses the first and third methods. The analytical methods used are those applied by the market to model the underlyings.

The valuation parameters applied correspond to observed values or values determined using a standard observed values model at the end of the reporting period. If the instruments are not traded on an organized market, the valuation parameters are determined by reference to the values quoted by the most active dealers in the corresponding products or by extrapolating quoted values. All the parameters used are based on historical data. The parameters applied to measure the value of unquoted forward financial instruments are determined using a system that provides a snapshot of market prices. Every day, at a fixed time, the bid and ask prices quoted by several market players, as displayed on the market screens, are recorded in the system. A single price is fixed for each relevant market parameter.

Certain complex financial instruments – mainly customized equity barrier options with single or multiple underlyings presenting low levels of liquidity and long maturities – are measured using internal models and valuation inputs such as long volatilities, correlations, and expected dividend flows where no observable data can be obtained from active markets. Upon initial recognition, these complex financial instruments are recorded in the statement of financial position at their transaction price, which is deemed to be the best indication of fair value even though the result of the model-based valuation may differ. The difference between the price at which a complex instrument is traded and the value obtained from internal models, which generally represents a gain, is known as "day one profit". IFRS prohibit the recognition of a margin on products valued using models and parameters that are not observable on active markets. The margin is therefore deferred. The margin realized on options with a single underlying and no barrier is recognized over the life of the instrument. The margin on products incorporating barrier options is recognized upon maturity of the structured product, due to the specific risks associated with the management of these barriers.

Reclassification of debt instruments

Fixed-income securities or debt instruments classified at fair value through profit or loss may be reclassified in other categories as follows:

a) held-to-maturity, only in rare cases, in the event of a change in the management intention, and provided that they satisfy the eligibility conditions for this category;

b) loans and receivables, in the event of a change in the management intention, the capacity to hold the security for the foreseeable future or until maturity and provided that they satisfy the eligibility conditions for this category;

c) available-for-sale, only in rare cases.

Fixed-income securities or available-for-sale debt instruments may be reclassified in other categories as follows:

a) held-to-maturity in the event of a change in the management intention or capacity, and provided that they satisfy the eligibility conditions for this category;

b) loans and receivables if there is the intention and capacity to hold the financial asset for the foreseeable future or until maturity and provided that they satisfy the eligibility conditions for this category.

In the event of a transfer, the fair value of the financial asset on its reclassification date becomes its new cost or amortized cost. Gains or losses recognized prior to the transfer date cannot be reversed.

In the event of a transfer from the "available-for-sale" category into either the "held-to-maturity" or "loans and receivables" category of debt instruments with a fixed maturity date, unrealized gains and losses previously deferred into equity are amortized over the asset's residual life.

Hedge accounting

IAS 39 permits three types of hedging relationship. The hedging relationship is selected on the basis of the type of risk being hedged. A fair value hedge is a hedge of the exposure to changes in fair value of a financial asset or liability and is mainly used to hedge the interest rate risk on fixed-rate assets and liabilities and on demand deposits, as permitted by the European Union. A cash flow hedge is a hedge of the exposure to variability in cash flows relating to a financial asset or liability, firm commitment or future transaction. Cash flow hedges are used in particular to hedge interest rate risk on variable-rate assets and liabilities, including rollovers, and for foreign exchange risk on highly probable foreign currency revenues.

At the inception of the hedge, the group documents the hedging relationship, i.e. that between the item being hedged and the hedging instrument. This documentation describes the management objectives of the hedging relationship, as well as the underlying strategy, type of risk covered, the hedged item and hedging instrument, and the methods used to assess the effectiveness of the hedging relationship.

Hedge effectiveness is assessed at the inception of the hedge and subsequently at least at the end of each reporting period.

The ineffective portion of the hedge is recognized in the income statement under "Net gain/(loss) on financial instruments at fair value through profit or loss".

The only risk for which fair value hedging is used is interest rate risk.

Fair value hedges

In a fair value hedge, changes in the fair value of the derivative instrument are taken to income under "Interest income/expense – derivatives used for hedging purposes" symmetrically with the change in interest income/expense of the hedged item.

In a fair value hedging relationship, the derivative instrument is measured at fair value through profit or loss under "Net gain/(loss) on financial instruments at fair value through profit or loss" symmetrically with the remeasurement of the hedged item to reflect the hedged risk. This rule applies when the hedged item is recognized at amortized cost or is classified as available-for-sale. If the hedging relationship is fully effective, any changes in the fair value of the hedging instrument will offset changes in the fair value of the item hedged.

Hedges must be deemed to be highly effective to qualify for hedge accounting. The change in the fair value or cash flows of the hedging instrument must offset the change in the fair value or cash flows of the item hedged within a range of 80% to 125%.

If the hedging relationship is broken or no longer fulfills the hedge effectiveness criteria, hedge accounting is discontinued on a prospective basis. The related derivatives are transferred to the trading book and accounted for using the treatment applied to this asset category. The carrying amount of the hedged item in the statement of financial position is no longer adjusted to reflect changes in fair value and the cumulative adjustment recorded in respect of the hedging transactions is amortized over the remaining life of the item hedged. If the hedged item no longer appears in the statement of financial position, in particular due to early repayments, the cumulative adjustment is taken immediately to income.

Fair value hedge accounting for a portfolio hedge of interest-rate risk
In October 2004, the European Union amended IAS 39 to allow demand deposits to be included in portfolios of liabilities contracted at fixed rates. This method is applied by the group. It concerns the vast majority of the interest rate hedges implemented in connection with the group's asset-liability management strategy.
At the end of each reporting period, CIC verifies that the hedging contracted for each portfolio of assets and liabilities is not excessive.
The maturity of the liability portfolio is modeled by asset-liability management.
Changes in the fair value of a portfolio hedge of interest-rate risk are recognized on a specific line of the statement of financial position, under "Remeasurement adjustment on interest-rate risk hedged portfolios", with the offsetting entry in income.

Cash flow hedges
In the case of cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity under "Unrealized or deferred gains and losses on cash flow hedges", while the ineffective portion is included in "Net gain/(loss) on financial instruments at fair value through profit or loss".
The amounts recognized in equity are reclassified into profit and loss under "Interest income/expense" in the same period or periods during which the cash flows attributable to the hedged item affect profit or loss. The hedged items continue to be accounted for using the treatment applicable to the asset category to which they belong.
If the hedging relationship is broken or no longer fulfills the hedge effectiveness criteria, hedge accounting is discontinued. The cumulative amounts recognized in equity as a result of the remeasurement of the hedging instrument remain in equity until the hedged transaction itself impacts income, or until the transaction is no longer expected to occur, at which point said amounts are transferred to the income statement.

Regulated savings

Home savings accounts *(comptes d'épargne logement* – "CEL") and home savings plans *(plans d'épargne logement* – "PEL") are government-regulated retail products sold in France. Account holders receive interest on amounts paid into these accounts over a certain period (initial savings phase), at the end of which they are entitled to a mortgage loan (secondary borrowing phase). They generate two types of obligation for the distributing establishment:
- a commitment to pay interest in the future on paid-in amounts at a fixed rate (in the case of PEL accounts only, as interest payable on CEL accounts is regularly revised on the basis of an indexation formula and is therefore treated as a variable rate);
- a commitment to grant loans to customers at their request, at a rate set on inception of the contract (both PEL and CEL products).

The cost represented by these obligations has been estimated on the basis of behavioral statistics and market data. A provision is recognized in liabilities to cover the future costs relating to the risk that the terms of such products may be potentially unfavorable to the bank, i.e. where the bank offers different interest rates than those on similar non-regulated products. This approach is managed based on generations of regulated PEL savings products with similar characteristics. The impact on income is included in interest paid to customers.

Debt securities

Debt securities are initially recognized at fair value (including transactions costs), which is generally the net amount received, and they are subsequently measured at amortized cost using the effective interest method.
Certain "structured" debt instruments may contain embedded derivatives, which are isolated from the host contract when they meet the criteria for separate recognition.
The host contract is subsequently measured at amortized cost. Fair value is based on quoted market prices or valuation models.

Property and equipment and intangible assets

Property and equipment and intangible assets shown in the statement of financial position comprise assets used in operations and investment property. Assets used in operations are those used in the provision of services or for administrative purposes. They include assets other than property assets leased under operating leases. Investment property comprises real property held to earn rentals or for capital appreciation, or both. Investment property is accounted for at cost, in the same way as assets used in operations.
Property and equipment and intangible assets are recognized at acquisition cost plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
Subsequent to initial recognition, property and equipment and intangible assets are measured at amortized cost, which represents cost less accumulated depreciation, amortization and any accumulated impairment losses.
The depreciable amount is cost less residual value, net of costs to sell. Property and equipment and intangible assets are presumed not to have a residual value as their useful lives are generally the same as their economic lives.
Depreciation and amortization is calculated on a straight-line basis over the estimated useful life of the assets, based on the manner in which the economic benefits embodied in the assets are expected to be consumed by the entity.
Intangible assets that have an indefinite useful life are not amortized.
Depreciation and amortization on property and equipment and intangible assets is recognized in "Depreciation, amortization and impairment" in the income statement.
Where an asset consists of a number of components that may require replacement at regular intervals, or that have different uses or different patterns of consumption of economic benefits, each component is recognized separately and depreciated using a depreciation method appropriate to that component. CIC has adopted the component approach for property used in operations and investment property. These items are depreciated over the following useful lives:
- 40-80 years for the shell;
- 15-30 years for structural components;
- 10-25 years for equipment;
- 10 years for fixtures and fittings.

Leasehold rights paid are not amortized but are tested for impairment. New occupancy fees paid to the owner are amortized over the life of the lease as additional rent. Other intangible items (e.g. acquired customer contract portfolios) are amortized over a period of nine or ten years.
Depreciable and amortizable assets are tested for impairment when evidence exists at the end of the reporting period that the items may be impaired. Non-depreciable and non-amortizable non-current assets are tested for impairment at least annually.
If there is an indication of impairment, the recoverable amount of the asset is compared with its carrying amount. If the asset is found to be impaired, an impairment loss is recognized in income, and the depreciable amount is adjusted prospectively. This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer an indication of impairment. Impairment is recognized under "Depreciation, amortization and impairment" in the income statement.
Gains and losses on disposals of non-current assets used in operations are recognized in the income statement in "Net gain/(loss) on disposals of other assets".
Gains and losses on disposals of investment property are shown in the income statement under "Income from other activities" or "Expense on other activities".

Corporate income tax

Corporate income tax includes all current or deferred income taxes.
Current income tax is calculated based on the applicable tax regulations.

Deferred taxes

In accordance with IAS 12, deferred taxes are recognized for temporary differences between the carrying amount of assets and liabilities and their tax basis, except for goodwill and fair value adjustments on intangible assets that cannot be sold separately from the acquired business.
Deferred taxes are calculated using the liability method, based on the latest enacted tax rate applicable to future periods.
Net deferred tax assets are recognized only in cases where their recovery is considered highly probable.
Current and deferred taxes are recognized as tax income or expense, except deferred taxes relating to unrealized or deferred gains and losses, which are taken directly to equity.
Non-recoverable taxes payable on probable or certain dividend payments by consolidated companies are taken into account.

Provisions

A provision is recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation arising from a past event, and a reliable estimate can be made of the amount of the obligation. The amount of the obligation is discounted in order to determine the amount of the provision.
Movements in provisions are classified by nature under the corresponding income/expense caption. The cumulative provision is recognized as a liability in the statement of financial position.

Employee benefits

Employee benefits are accounted for in accordance with IAS 19R. The effects of the main provisions are:
- in the case of post-employment benefits covered by defined benefit plans, the immediate recognition in equity of actuarial differences in unrealized or deferred gains and losses, and of plan changes in the income statement, the application, to the plan assets, of the discount rate used to determine the scheme liabilities and the disclosure of more comprehensive information in the notes to the financial statements;
- in the case of short-term benefits, a new definition: short-term benefits now comprise those benefits expected to be settled in full within the 12 months following the end of the reporting period during which the employees render the related services (and no longer "which fall due within 12 months…").

Where appropriate, a provision is set aside for such benefits, recognized within "Provisions". Any movements in the provision are taken to income within "Payroll costs", with the exception of the portion resulting from actuarial differences, which is recognized in unrealized or deferred gains and losses recognized in equity.

Post-employment benefits covered by defined benefit plans
These relate to retirement, early retirement and supplementary retirement plans for which the group has a legal or constructive obligation to provide certain benefits to its employees.
These obligations are calculated using the projected unit credit method, which consists in attributing benefits to periods of service in line with the plan's benefit formula, which is then discounted based on demographic and financial assumptions.
The group uses the following assumptions to calculate its employee benefit obligations:
- the discount rate determined by reference to the market yield on long-term corporate bonds consistent with the term of the obligations;
- the salary inflation rate, measured based on age bands and regional characteristics;
- estimated inflation rates;
- employee turnover, calculated for each age band;
- retirement age: the estimate is calculated separately for each individual based on the actual or estimated date on which employment first commenced and on assumptions related to the law on pension reform, with a maximum age of 67 at retirement;
- the INSEE TH/TF 00-02 life expectancy table.

The effect of changes in these assumptions and experience adjustments (the effects of differences between the previous assumptions and actual outcomes) gives rise to actuarial gains and losses.
Plan assets are measured at fair value and the amount recognized in the income statement is their implicit return (corresponding to the fair value of the plan assets multiplied by the discount rate used to determine the scheme liabilities). The difference between the implicit return on plan assets and the actual return gives rise to an actuarial gain or loss.
Actuarial differences are recognized in equity, within unrealized or deferred gains and losses.
Gains or losses on the curtailment or settlement of a defined benefit plan are recognized in the income statement when they occur.

At least 60% of the obligations of the group's French banks relating to retirement bonuses are covered by insurance taken out with ACM Vie, a Crédit Mutuel group insurance company which is consolidated by CIC under the equity method.

Supplementary pensions covered by pension funds
Under the terms of the AFB transitional agreement dated September 13, 1993, the banking industry pension schemes were discontinued and bank employees joined the government-sponsored Arrco and Agirc schemes effective from January 1, 1994. The four pension funds to which CIC group banks contributed were merged. They pay the various benefits covered by the transitional agreement. In the event that fund assets are not sufficient to cover these benefit obligations, the banks are required to make additional contributions. The average contribution rate for the next ten years is capped at 4% of the payroll. The pension fund resulting from mergers was converted into an IGRS, a French supplementary pension management institution, in 2009. It does not have an asset shortfall.

Defined contribution post-employment benefits
Group entities pay into a number of retirement schemes managed by third parties. Under these schemes, group entities have no legal or constructive obligation to pay further contributions, in particular where plan assets are inadequate to fund future obligations.
As these schemes do not represent an obligation for the group, no provision is recorded and the related expenses are recognized in the income statement in the period in which the contribution is due.

Other long-term benefits
Other long-term benefits are employee benefits (other than post-employment benefits and termination benefits) which are expected to be paid more than 12 months after the end of the period in which the employees render the related services, such as long-service awards.
The group's obligation in respect of other long-term benefits is measured using the projected unit credit method. However, actuarial losses are taken to the income statement as and when they arise.
Employees are granted long-service awards after 20, 30, 35 and 40 years of service. A provision is set aside for these awards.

Termination benefits
These benefits are granted by the group following the decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for such benefits. The related provisions are discounted when payment falls due more than twelve months after the end of the reporting period.

Short-term employment benefits
Short-term employment benefits are employee benefits (other than termination benefits) which are expected to be settled wholly within twelve months of the end of the reporting period, such as wages and salaries, social security contributions and certain bonuses.
An expense is recognized in respect of these benefits in the period in which the services giving rise to the benefits were provided to the entity.

Debt-equity distinction

Financial instruments issued by the group are classified as debt instruments when the group has a contractual obligation to deliver cash to holders of the instruments and when the remuneration of these instruments is not discretionary. This is the case with subordinated notes issued by the group.

Translation of assets and liabilities denominated in a foreign currency

Assets and liabilities denominated in a currency other than the local currency are translated at the year-end exchange rate.
Monetary financial assets and liabilities: foreign currency gains and losses on the translation of such items are recognized in the income statement under "Net gain/(loss) on financial instruments at fair value through profit or loss".
Non-monetary financial assets and liabilities: foreign currency gains and losses on the translation of such items are recognized in the income statement if the items are classified at fair value through profit or loss under "Net gain/(loss) on financial instruments at fair value through profit or loss", or under "Unrealized or deferred gains and losses" in other comprehensive income if they are classified as available-for-sale.
When consolidated investments denominated in a foreign currency are financed by a loan taken out in the same currency, the loan concerned is covered by a cash flow hedge.
Differences arising from the retranslation at the year-end rate of the opening capital stock, reserves and retained earnings are recorded as a separate component of equity, under "Cumulative translation adjustment". The income statements of foreign subsidiaries are translated into euros at the average exchange rate for the year, and the resulting translation differences are recorded under "Cumulative translation adjustment". On liquidation or disposal of some or all of the interests held in a foreign entity, the corresponding portion of this cumulative translation adjustment is recognized through the income statement.

Insurance company contracts

The accounting policies and measurement methods specific to assets and liabilities arising on insurance contracts have been drawn up in accordance with IFRS 4. They apply also to reinsurance contracts issued or subscribed, and to financial contracts with a discretionary profit-participation feature. Other assets held and liabilities issued by insurance companies are accounted for in accordance with the rules applicable to the group's other assets and liabilities.

Assets
Financial assets, investment property and property and equipment and intangible assets comply with the accounting methods described elsewhere. However, financial assets representing technical provisions related to unit-linked business are shown in "Financial assets at fair value through profit or loss".

Liabilities
Insurance liabilities, which represent commitments to subscribers and beneficiaries, are included under the heading "Insurance companies' technical provisions". They continue to be measured, recorded and consolidated in accordance with French GAAP.

The technical provisions in respect of life insurance contracts consist mainly of mathematical provisions corresponding generally to the contracts' surrender values. The risks covered are mainly death, disability and incapacity for work (for credit insurance).
The technical provisions related to unit-linked business are measured, at the end of the reporting period, on the basis of the realizable value of the assets underlying these contracts.
The provisions related to non-life insurance contracts correspond to unearned premiums (portion of the premiums issued relating to subsequent periods) and to outstanding claims.
Those insurance contracts with a discretionary profit-participation feature are subject to "shadow accounting". The resulting provision represents the policyholders' share of the capital gains and losses arising on the assets. These deferred profit-participation reserves are recognized on the liabilities or assets side of the statement of financial position, by legal entity, and there is no offsetting between group entities. On the assets side, they are presented under a specific heading.
At the end of the reporting period, an adequacy test is performed on the liabilities recognized on these contracts (net of related other assets and liabilities such as deferred acquisition costs and acquired portfolios). This test ensures that the recognized insurance liabilities are adequate to cover estimated future cash flows under insurance contracts. If the test reveals that the technical provisions are inadequate, the deficiency is recognized in the income statement. It may subsequently be reversed, where appropriate.

Income statement
The income and expenses recognized in respect of the insurance contracts issued by the group are included within "Income from other activities" and "Expenses on other activities". The income and expenses in respect of the insurance entities' proprietary activities are recognized under the headings relating to them.

Non-current assets held for sale and discontinued operations

A non-current asset (or group of assets) is classified in this category if it is held for sale and it is highly probable that the sale will occur within twelve months of the end of the reporting period.
The related assets and liabilities are shown separately in the statement of financial position, on the lines "Non-current assets held for sale" and "Liabilities associated with non-current assets held for sale". Items in this category are measured at the lower of their carrying amount and fair value less costs to sell, and are no longer depreciated/amortized.
When assets held for sale or the associated liabilities become impaired, an impairment loss is recognized in the income statement.
Discontinued operations include operations that are held for sale or which have been shut down, and subsidiaries acquired exclusively with a view to resale. All gains and losses related to discontinued operations are shown separately in the income statement, on the line "Post-tax gain/(loss) on discontinued operations and assets held for sale".

Consolidation methods and scope

Goodwill
In accordance with IFRS 3R, when CIC acquires a controlling interest in a new entity, said entity's identifiable assets, liabilities and contingent liabilities that meet the criteria for recognition under IFRS are measured at fair value at the acquisition date, with the exception of non-current assets classified as assets held for sale, which are recognized at the lower of fair value net of selling costs and their carrying amount. IFRS 3R permits the recognition of full goodwill or partial goodwill and the choice of method is made separately for each business combination. In the case of full goodwill, non-controlling interests are measured at fair value, whereas in the case of partial goodwill, they are measured based on their share of the values attributed to the assets and liabilities of the acquired entity. If goodwill is positive, it is recognized as an asset and, if negative, it is recognized immediately in the income statement under "Positive net effect of business combinations".
If the group's stake in an entity it already controls, and which it continues to control, increases/decreases, the difference between the acquisition cost/selling price of the stock and the portion of consolidated equity that said stock represents on the acquisition/sale date is recognized within equity.
Goodwill is presented on a separate line of the statement of financial position when it relates to fully-consolidated companies and under the heading "Investments in associates" when it relates to equity-accounted companies.
Goodwill does not include direct expenses associated with acquisitions, which are expensed.
Goodwill is tested for impairment regularly and at least once a year. The tests are designed to identify whether goodwill has suffered a prolonged decline in value. If the recoverable amount of the cash-generating unit (CGU) to which goodwill has been allocated is less than its carrying amount, an impairment loss is recognized for the amount of the difference. These losses – which are recognized through the income statement – cannot be reversed. In practice, cash-generating units are defined on the basis of the group's business lines.

Fair value adjustments
At the date of acquisition of a controlling interest in a new entity, the related assets, liabilities and contingent liabilities related to operations are measured at fair value. Fair value adjustments, corresponding to the difference between the carrying amount and fair value, are recognized in the consolidated financial statements.

Intercompany transactions and balances
Intercompany transactions and balances as well as gains or losses on intercompany sales that have a material impact on the consolidated financial statements are eliminated.

Foreign currency translation
The statements of financial position of foreign subsidiaries are translated into euros at the official year-end exchange rate. Differences arising from the retranslation at the year-end rate of the opening capital stock, reserves and retained earnings are recorded as a separate component of equity, under "Cumulative translation adjustment". The income statements of foreign subsidiaries are translated into euros at the average exchange rate for the year, and the resulting differences are recorded under "Cumulative translation adjustment". On liquidation or disposal of some or all of the interests held in a foreign entity, these amounts are recognized through the income statement.

As allowed by IFRS 1, the balance of cumulative translation adjustments was reset to zero in the opening statement of financial position as of January 1, 2004.

Non-controlling interests
Non-controlling interests correspond to interests that do not confer control as defined by IFRS 10 and include partnership interests that entitle their holders to a share in the net assets in the event of liquidation and other equity instruments issued by subsidiaries that are not held by the group.

Full consolidation method
This method involves replacing the value of the shares held in the subsidiary concerned with each of the assets and liabilities of said subsidiary and showing separately the interests of non-controlling shareholders in the equity and net income. It is the method used for all entities under exclusive control, including those with a different account structure, regardless of whether its business is an extension of that of the consolidating entity.

Equity consolidation method
This method involves replacing the value of the shares held with the group's share of the equity and net income of the entities concerned. It is the method used for all entities under joint control, including joint ventures and any other entities over which the group has significant influence.

Principles for inclusion in the consolidation scope

The general principles governing whether an entity is included in the consolidation scope are defined by IFRS 10, IFRS 11 and IAS 28R.
The consolidation scope comprises:
- entities over which the group has exclusive control: exclusive control is deemed to exist when the group has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the returns it obtains. The financial statements of exclusively-controlled entities are fully consolidated;
- entities under joint control: joint control is the contractually agreed sharing of control over an entity, which exists only when decisions about key activities require the unanimous consent of the parties sharing control. A joint arrangement is an arrangement of which two or more parties have joint control. A joint arrangement is either a joint operation or a joint venture:
  - a joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement: a joint operator accounts for the assets, liabilities, revenues and expenses relating to its involvement in the joint operation,
  - a joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement: a joint venture is accounted for using the equity method.

All entities under the group's joint control are joint ventures as defined by IFRS 11.
- entities over which the group has significant influence: these are entities that are not controlled by the consolidating entity but in whose financial and operating policy decisions it has the right to participate. Shareholdings in entities over which the group has significant influence are accounted for using the equity method (associates). Companies that are 20%-50% owned by the group's private equity businesses and over which the group has joint control or exercises significant influence are excluded from the scope of consolidation and accounted for under the fair value option.

Entities controlled exclusively by the group are included in the consolidation scope when their full consolidation individually affects at least 1% of the main consolidated statement of financial position and income statement items. Subsidiaries that are not consolidated must represent on aggregate less than 5% of the main consolidated statement of financial position and income statement items. However, smaller entities may be included in the consolidated group if (i) CIC considers they represent a strategic investment; (ii) one of their core businesses is the same as that of the group; or (iii) they hold stock in consolidated companies.

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Note 2a - Consolidation scope

Newly-consolidated company:
• CM-CIC Capital et Participations

Merger:
• Absorption of Sofim by CIC Nord Ouest

Companies removed from the consolidation scope (disposals):
• Agefor SA Genève
• Banca Popolare di Milano
• Banque Pasche (Liechtenstein) AG
• Pasche Bank & Trust Ltd
• Serficom Family Office Inc

Companies removed from the consolidation scope (non-material activities were deconsolidated):
• CM-CIC Securities London Branch
• Lafayette CLO 1 Ltd
• Saint-Pierre SNC

In addition, following the disposal of Banca Popolare di Milano (the impact of which is described in note 14), those companies holding only securities of that entity were deconsolidated as of June 30, 2014.
The companies concerned are:
• CIC Migrations
• Cicor
• Cicoval
• Efsa
• Gestunion 2
• Gestunion 3
• Gestunion 4
• Impex Finance
• Marsovalor
• Pargestion 2
• Pargestion 4
• Placinvest
• Sofiholding 2
• Sofiholding 3
• Sofiholding 4
• Sofinaction
• Ufigestion 2
• Ugépar Service
• Valimar 2
• Valimar 4
• VTP1
• VTP5

Dissolution:
• Calypso Management Company
• LRM Advisory SA.

Company	Country	Currency	2014 Voting rights	2014 Percentage Interest	2014 Method *	2013 Voting rights	2013 Percentage Interest	2013 Method *
Consolidating company: CIC								
CIC Londres (branch)	United Kingdom	GBP	100	100	FC	100	100	FC
CIC New York (branch)	United States	USD	100	100	FC	100	100	FC
CIC Singapour (branch)	Singapore	USD	100	100	FC	100	100	FC
A. Banking network								
Regional banks								
CIC Est (i)	France		100	100	FC	100	100	FC
CIC Lyonnaise de Banque (i)	France		100	100	FC	100	100	FC
CIC Nord Ouest (i)	France		100	100	FC	100	100	FC
CIC Ouest (i)	France		100	100	FC	100	100	FC
CIC Sud Ouest (i)	France		100	100	FC	100	100	FC
B. Banking network subsidiaries								
Banca Popolare di Milano	Italy				NC	7	7	EM
CM-CIC Asset Management	France		24	24	EM	24	24	EM
CM-CIC Bail (i)	France		99	99	FC	99	99	FC
CM-CIC Épargne Salariale (i)	France		100	100	FC	100	100	FC
CM-CIC Factor (i)	France		96	96	FC	96	96	FC
CM-CIC Lease	France		54	54	FC	54	54	FC
CM-CIC Leasing Benelux	Belgium		100	99	FC	100	99	FC
CM-CIC Leasing GMBH	Germany		100	99	FC	100	99	FC
Saint-Pierre SNC (i)	France				NC	100	100	FC
Sofim (i)	France				NC	100	100	FC
C. Financing and capital markets								
Cigogne Management	Luxembourg		60	60	FC	60	60	FC
CM-CIC Securities (i)	France		100	100	FC	100	100	FC
CM-CIC Securities London Branch (branch)	United Kingdom	GBP			NC	100	100	FC
Diversified Debt Securities SICAV – SIF	Luxembourg		100	100	FC	100	100	FC
Divhold	Luxembourg		100	100	FC	100	100	FC
Lafayette CLO 1 Ltd	Cayman Islands	USD			NC	100	100	FC

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Company	Country	Currency	2014 Voting rights	2014 Percentage Interest	2014 Method *	2013 Voting rights	2013 Percentage Interest	2013 Method *
D. Private banking								
Banque CIC Suisse	Switzerland	CHF	100	100	FC	100	100	FC
Banque de Luxembourg	Luxembourg		100	100	FC	100	100	FC
Banque Transatlantique (i)	France		100	100	FC	100	100	FC
Banque Transatlantique Londres (branch)	United Kingdom		100	100	FC	100	100	FC
Banque Transatlantique Belgium	Belgium		100	100	FC	100	100	FC
Banque Transatlantique Luxembourg	Luxembourg		100	100	FC	100	100	FC
Banque Transatlantique Singapore Private Ltd	Singapore	SGD	100	100	FC	100	100	FC
Dubly-Douilhet Gestion	France		100	100	FC	100	100	FC
Transatlantique Gestion (i)	France		100	100	FC	100	100	FC
Groupe Banque Pasche								FC
Banque Pasche	Switzerland	CHF	100	100	FC	100	100	FC
Agefor SA	Switzerland	CHF			NC	70	70	FC
Banque Pasche (Liechtenstein) AG	Liechtenstein	CHF			NC	53	53	FC
Calypso Management Company	Cayman Islands	USD			NC	70	70	FC
LRM Advisory SA	Bahamas	USD			NC	70	70	FC
Pasche Bank & Trust Ltd	Bahamas	CHF			NC	100	100	FC
Pasche Finance SA	Switzerland	CHF	100	100	FC	100	100	FC
Serficom Brasil Gestao de Recursos Ltda	Brazil	BRL	97	97	FC	97	97	FC
Serficom Family Office Brasil Gestao de Recursos Ltda	Brazil	BRL	100	100	FC	100	100	FC
Serficom Family Office Inc	Bahamas	CHF			NC	100	100	FC
Serficom Family Office SA	Switzerland	CHF	100	100	FC	100	100	FC
Trinity SAM (formerly Banque Pasche Monaco)	Monaco		100	100	FC	100	100	FC
E. Private equity								
CM-CIC Capital et Participations	France		100	100	FC			NC
CM-CIC Capital Finance (i)	France		100	100	FC	100	100	FC
CM-CIC Capital Innovation	France		100	100	FC	100	100	FC
CM-CIC Conseil (i)	France		100	100	FC	100	100	FC
CM-CIC Investissement	France		100	100	FC	100	100	FC
CM-CIC Proximité	France		100	100	FC	100	100	FC
Sudinnova	France		66	66	FC	66	66	FC

Company	Country	Currency	2014 Voting rights	2014 Percentage Interest	2014 Method *	2013 Voting rights	2013 Percentage Interest	2013 Method *
F. HQ, holding company services and logistics								
Adepi (i)	France		100	100	FC	100	100	FC
CIC Migrations (i)	France				NC	100	100	FC
CIC Participations (i)	France		100	100	FC	100	100	FC
Cicor (i)	France				NC	100	100	FC
Cicoval (i)	France				NC	100	100	FC
Efsa (i)	France				NC	100	100	FC
Gesteurop (i)	France		100	100	FC	100	100	FC
Gestunion 2 (i)	France				NC	100	100	FC
Gestunion 3 (i)	France				NC	100	100	FC
Gestunion 4 (i)	France				NC	100	100	FC
Impex Finance (i)	France				NC	100	100	FC
Marsovalor (i)	France				NC	100	100	FC
Pargestion 2 (i)	France				NC	100	100	FC
Pargestion 4 (i)	France				NC	100	100	FC
Placinvest (i)	France				NC	100	100	FC
Sofiholding 2 (i)	France				NC	100	100	FC
Sofiholding 3 (i)	France				NC	100	100	FC
Sofiholding 4 (i)	France				NC	100	100	FC
Sofinaction (i)	France				NC	100	100	FC
Ufigestion 2 (i)	France				NC	100	100	FC
Ugépar Service (i)	France				NC	100	100	FC
Valimar 2 (i)	France				NC	100	100	FC
Valimar 4 (i)	France				NC	100	100	FC
VTP1 (i)	France				NC	100	100	FC
VTP5 (i)	France				NC	100	100	FC
G. Insurance companies								
Groupe des Assurances du Crédit Mutuel (GACM)**	France		21	21	EM	21	21	EM

* Method: FC = full consolidation; EM = equity method; NC = not consolidated.
** Based on the consolidated financial statements.
(i) = Members of the tax consolidation group set up by CIC.

Information on the group's presence and activities in non-cooperative countries or territories included in the list established by the order dated January 17, 2014: the group does not have a presence that meets the criteria defined by the order dated October 6, 2009.

Information on sites included in the consolidation scope
Article 7 of law 2013-672 dated July 26, 2013 of the French monetary and financial code *(Code monétaire et financier)*, amending Article L.511-45, requires credit institutions to publish information on their presence and activities in each state or territory.
The table above providing information on the consolidation scope shows the country in which each site is located.

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Country	Net banking income	Income before tax	Corporate income tax	Other taxes	Public subsidies received	Employees
Germany	4	3	(1)	(1)		1
Bahamas	0	0	0	0		9
Belgium	16	9	(2)	(1)		27
Brazil	1	0	0	0		2
United States of America	127	164	(37)	(4)		84
France	3,813	1,168	(292)	(678)		18,379
Cayman Islands	1	1	0	0		
Italy	0	(7)	0	0		
Liechtenstein	0	0	0	0		13
Luxembourg	259	100	(15)	(16)		769
Monaco	0	0	0	0		0
United Kingdom	42	36	(8)	(2)		49
Singapore	62	17	(2)	(2)		210
Switzerland	85	(9)	(1)	(12)		350
TOTAL	**4,410**	**1,482**	**(358)**	**(716)**		**19,893**

Note 2b: Fully-consolidated entities with material non-controlling interests

	Interest of non-controlling shareholders in the consolidated financial statements				Financial information about fully-consolidated entities[1]			
2014	Percentage interest	Net income	Amount in equity	Dividends paid to non-controlling interests	Total assets	OCI	NBI	Net income
CM-CIC Lease	46%	1	33	(2)	4,056	0	16	3
Cigogne Management	40%	6	7	(5)	48	0	20	14
Sudinnova	34%	0	7	0	22	0	1	1
CM-CIC Factor	4%	0	6	0	4,664	(1)	73	5
2013								
CM-CIC Lease	46%	2	34	(1)	3,763	0	18	3
Cigogne Management	40%	6	7	(4)	54	0	19	14
Sudinnova	34%	0	7	0	20	0	(1)	(1)
CM-CIC Factor	4%	0	6	0	4,900	0	70	4

(1) Amounts before elimination of intra-group accounts and transactions.

Note 2c: Investments in unconsolidated structured entities

Dec. 31, 2014	Securitization vehicle (SPV)	Asset management (UCITS/SCPI)	Other structured entities*
Total assets	0	0	1,831
Carrying amounts of financial assets	0	0	702

* Other structured entities correspond to asset financing entities.

Asset Backed Commercial Paper (ABCP) securitization conduit: the group owns a conduit, named General Funding Ltd, whose function is to carry out the refinancing by commercial paper of securitization transactions carried out by its clients. The group's involvement is to give the conduit a placement guarantee in respect of the commercial paper and to be its sponsor. As of December 31, 2014, a transaction was in progress.

Asset finance: the group grants loans to structured entities whose sole purpose is to hold assets to be leased; the rents received enable the structured entity to repay its borrowings. These entities are dissolved following the financing operation. The group is generally the sole shareholder.
For these two categories, the maximum exposure to losses in respect of the structured entities corresponds to the carrying amount of the structured entity's financed asset.

Collective investment undertakings or funds: the group acts as manager and custodian. It offers its clients funds in which it does not intend to invest. The group markets these funds, whether dedicated or public funds, manages them and receives fees for its management services. For certain funds offering guarantees to unitholders, the group may be a counterparty to the swaps put in place. In exceptional circumstances where the group would be both manager and investor, with the result that it would be required to act firstly for its own account, such entity would then be included in the consolidation scope.

The main risk to which the group is exposed is an operational risk, i.e. the risk of default in respect of its mandate to act as manager or custodian and, where relevant, it is also exposed to a risk equal to the amounts invested

Note 3: Analysis of statement of financial position and income statement by business segment and geographic area

Business segment analysis principles

- Retail banking covers:
  a) the banking network comprised of the regional banks and CIC's network in the Greater Paris region (Ile-de-France);
  b) the specialist business lines whose products are distributed via the banking network. These include equipment leasing, real estate leasing, factoring, third party fund management, employee savings plans and real estate. The insurance business – which is accounted for using the equity method – is included in this business segment.
- Financing and capital markets comprises:
  a) credit facilities for large corporates and institutional customers, specialized financing and international operations;
  b) capital markets operations, which comprise investments in activities involving fixed-income instruments, equities and loans ("ITAC") as well as brokerage services.
- Private banking comprises all companies engaged primarily in wealth management, both within and outside France.
- Private equity conducts proprietary transactions and includes financial engineering services via dedicated entities. The entire portfolio is accounted for under the fair value option.
- Holding company services encompass all unallocated activities.

Each consolidated company is included in only one business segment, corresponding to its core business in terms of contribution to the group's results, with the exception of CIC, whose individual accounts are allocated on a cost accounting basis.

Analysis of assets by business segment

Dec. 31, 2014	Retail banking	Financing and capital markets	Private banking	Private equity	Holding company services	Total
Cash and amounts due from central banks	369	2,855	678		15,324	19,226
Financial assets at fair value through profit or loss	3	14,773	176	2,003		16,955
Derivatives used for hedging purposes	2	865	2			869
Available-for-sale financial assets	202	8,177	2,310	8	320	11,017
Loans and receivables due from credit institutions[1]	4,373	12,560	5,719	6	11,880	34,538
Loans and receivables due from customers	118,021	18,113	10,432		173	146,739
Held-to-maturity financial assets	57					57
Investments in associates	1,611					1,611

(1) Of which €16,143 million due from BFCM.

Dec. 31, 2013	Retail banking	Financing and capital markets	Private banking	Private equity	Holding company services	Total
Cash and amounts due from central banks	336	4,120	1,325		4,685	10,466
Financial assets at fair value through profit or loss	4	27,164	97	1,903		29,168
Derivatives used for hedging purposes	5	49	4		2	60
Available-for-sale financial assets	204	7,944	2,774	13	264	11,199
Loans and receivables due from credit institutions[1]	4,880	4,526	5,716	6	14,798	29,926
Loans and receivables due from customers	116,430	11,707	8,555	1	74	136,767
Held-to-maturity financial assets	55		20			75
Investments in associates	1,666				(148)	1,518

(1) Of which €17,414 million due from BFCM.

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Analysis of liabilities by business segment

Dec. 31, 2014	Retail banking	Financing and capital markets	Private banking	Private equity	Holding company services	Total
Due to central banks			59			59
Financial liabilities at fair value through profit or loss		11,017	173			11,190
Derivatives used for hedging purposes	2	3,948	205		37	4,192
Due to credit institutions[1]	30,731	19,458	1,234		18,310	69,733
Due to customers	92,157	12,818	16,513	1	400	121,889
Debt securities	1,593	16,108	20		549	18,270

(1) Of which €50,229 million due to BFCM.

Dec. 31, 2013	Retail banking	Financing and capital markets	Private banking	Private equity	Holding company services	Total
Due to central banks			460			460
Financial liabilities at fair value through profit or loss	1	26,538	121			26,660
Derivatives used for hedging purposes	7	1,152	240		4	1,403
Due to credit institutions[1]	33,246	6,399	776	1	13,573	53,995
Due to customers	86,705	10,184	15,756	1	201	112,847
Debt securities	2,568	14,225	19		12	16,824

(1) Of which €45,242 million due to BFCM.

Analysis of income statement items by business segment

Dec. 31, 2014	Retail banking	Financing and capital markets	Private banking	Private equity	Holding company services	Total
Net banking income/(expense)	3,327	632	458	149	(156)	4,410
General operating expenses	(2,194)	(264)	(338)	(38)	(77)	(2,911)
Operating income/(loss) before provisions	1,133	368	120	111	(233)	1,499
Net additions to/reversals from provisions for loan losses	(234)	30	(2)			(206)
Net gains on disposals of other assets[1]	121		1		67	189
Income before tax	1,020	398	119	111	(166)	1,482
Corporate income tax	(330)	(102)	(32)		106	(358)
Net income	690	296	87	111	(60)	1,124

Dec. 31, 2013	Retail banking	Financing and capital markets	Private banking	Private equity	Holding company services	Total
Net banking income/(expense)	3,330	751	444	119	(178)	4,466
General operating expenses	(2,202)	(251)	(329)	(34)	(72)	(2,888)
Operating income/(loss) before provisions	1,128	500	115	85	(250)	1,578
Net additions to/reversals from provisions for loan losses	(312)	(45)	(7)		(3)	(367)
Net gains on disposals of other assets[1]	102		1		(34)	69
Income before tax	918	455	109	85	(287)	1,280
Corporate income tax	(312)	(161)	(39)	1	82	(429)
Net income	606	294	70	86	(205)	851

(1) Including net income from associates (companies accounted for using the equity method) and impairment losses on goodwill.

Breakdown of assets by geographic area

	Dec. 31, 2014				Dec. 31, 2013			
	France	Europe excluding France	Other countries(1)	Total	France	Europe excluding France	Other countries(1)	Total
Cash and amounts due from central banks	15,693	678	2,855	19,226	5,021	1,325	4,120	10,466
Financial assets at fair value through profit or loss	15,945	181	829	16,955	27,764	144	1,260	29,168
Derivatives used for hedging purposes	866	3	0	869	51	4	5	60
Available-for-sale financial assets	7,109	2,931	977	11,017	6,960	3,727	512	11,199
Loans and receivables due from credit institutions	27,720	5,246	1,572	34,538	23,051	5,328	1,547	29,926
Loans and receivables due from customers	132,790	9,314	4,635	146,739	124,934	8,696	3,137	136,767
Held-to-maturity financial assets	57	0	0	57	55	20	0	75
Investments in associates	1,611	0	0	1,611	1,277	241	0	1,518

Breakdown of liabilities by geographic area

	Dec. 31, 2014				Dec. 31, 2013			
	France	Europe excluding France	Other countries(1)	Total	France	Europe excluding France	Other countries(1)	Total
Due to central banks	0	59	0	59	0	460	0	460
Financial liabilities at fair value through profit or loss	10,541	479	170	11,190	26,027	500	133	26,660
Derivatives used for hedging purposes	3,968	206	18	4,192	1,136	240	27	1,403
Due to credit institutions	64,544	0	5,189	69,733	47,360	1,608	5,027	53,995
Due to customers	106,562	14,725	602	121,889	98,795	13,394	658	112,847
Debt securities	11,560	2,352	4,358	18,270	10,776	1,638	4,410	16,824

Breakdown of income statement items by geographic area

	Dec. 31, 2014				Dec. 31, 2013			
	France	Europe excluding France	Other countries(1)	Total	France	Europe excluding France	Other countries(1)	Total
Net banking income/(expense)	**3,813**	**407**	**190**	**4,410**	**3,887**	**403**	**176**	**4,466**
General operating expenses	(2,559)	(270)	(82)	(2,911)	(2,548)	(266)	(74)	(2,888)
Operating income/(loss) before provisions	**1,254**	**137**	**108**	**1,499**	**1,339**	**137**	**102**	**1,578**
Net additions to/reversals from provisions for loan losses	(282)	1	75	(206)	(347)	(18)	(2)	(367)
Net gains on disposals of other assets(2)	195	(6)	0	189	80	(11)	0	69
Income before tax	**1,167**	**132**	**183**	**1,482**	**1,072**	**108**	**100**	**1,280**
Corporate income tax	(292)	(27)	(39)	(358)	(361)	(36)	(32)	(429)
Net income	**875**	**105**	**144**	**1,124**	**711**	**72**	**68**	**851**

(1) USA and Singapore.
(2) Including net income from associates (companies accounted for using the equity method) and impairment losses on goodwill.

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Notes to the statement of financial position - Assets

Note 4: Cash, amounts due from central banks and loans and receivables due from credit institutions

	2014	2013
Cash and amounts due from central banks		
Central banks	18,831	10,097
Of which, mandatory reserves	*978*	*4,691*
Cash	395	369
TOTAL	**19,226**	**10,466**
Loans and receivables due from credit institutions		
Current accounts	6,556	9,229
Loans	17,133	15,009
Other receivables	539	1,276
Securities not quoted on an active market	1,420	1,712
Resale agreements	8,833	2,615
Individually-impaired receivables	3	8
Accrued interest	57	81
Provisions	(3)	(4)
TOTAL	**34,538**	**29,926**
Including non-voting loan stock	*164*	*154*
Including subordinated loans[1]	*0*	*760*

(1) The €750 million perpetual subordinated loan to BFCM was repaid in 2014.

Note 5: Financial assets at fair value through profit or loss

	Dec. 31, 2014	Dec. 31, 2013
Financial assets at fair value through profit or loss by option	2,166	12,633
Financial assets held for trading	14,789	16,535
TOTAL	**16,955**	**29,168**

Note 5a: Financial assets accounted for under the fair value option

	Dec. 31, 2014	Dec. 31, 2013
Securities		
Government securities	0	0
Bonds and other fixed-income securities		
- Quoted	83	115
- Not quoted	260	249
Equities and other variable-income securities[1]		
- Quoted	180	161
- Not quoted	1,622	1,537
Derivatives held for trading	0	0
Other financial assets		
- Resale agreements[2]	21	10,571
- Other loans and term deposits	0	0
TOTAL	**2,166**	**12,633**

(1) Securities relating to the private equity business are measured at fair value through profit or loss and represent almost all of this line.
(2) As from 2014, repurchase agreements (repos) are recognized as loans (see note 8 – Loans and receivables due from customers).

Note 5b: Financial assets held for trading

	Dec. 31, 2014	Dec. 31, 2013
Securities		
Government securities	2,668	1,664
Bonds and other fixed-income securities		
- Quoted	6,676	8,658
- Not quoted	0	0
Equities and other variable-income securities		
- Quoted	734	537
- Not quoted	0	0
Derivatives held for trading	4,711	5,676
TOTAL	**14,789**	**16,535**

Financial assets held for trading relate to financial assets held in connection with capital markets activities.

Note 5c: Analysis of derivative instruments

	2014			2013		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives						
- Swaps	123,427	3,297	3,667	184,466	4,333	6,129
- Futures and forward contracts	23,434	8	6	11,420	5	1
- Options	18,954	48	40	24,423	52	46
Foreign currency derivatives						
- Swaps	67,178	58	49	59,983	21	42
- Futures and forward contracts	190	361	320	71	321	312
- Options	20,679	96	97	22,393	53	53
Other derivatives						
- Swaps	14,029	106	157	13,276	106	180
- Futures and forward contracts	2,190	0	0	1,572	0	0
- Options	17,102	737	739	27,183	785	795
Sub-total	**287,183**	**4,711**	**5,075**	**344,787**	**5,676**	**7,558**
Derivatives used for hedging purposes						
Derivatives designated as fair value hedges						
- Swaps	51,594	869	4,192	8,064	57	1,398
- Futures and forward contracts	0	0	0	0	0	0
- Options	1	0		1	0	
Derivatives designated as cash flow hedges						
- Swaps	0	0	0	217	3	5
- Futures and forward contracts	0			0		
- Options	0	0		0	0	
Sub-total	**51,595**	**869**	**4,192**	**8,282**	**60**	**1,403**
TOTAL	**338,778**	**5,580**	**9,267**	**353,069**	**5,736**	**8,961**

IFRS 13 on fair value measurement came into force on January 1, 2013. As regards over-the-counter derivatives, it amends the procedures for measuring the counterparty risk included in their fair value by taking into account the "credit value adjustment" (CVA) and the "debt value adjustment" (DVA) – which involves using the own credit risk – and the "funding value adjustment" (FVA) – which corresponds to the costs or benefits associated with financing certain derivatives not included in a netting agreement.
As of December 31, 2014, the CVA and FVA were expenses totaling €34 million and €19 million respectively compared with expenses of €21 million and €10 million as of December 31, 2013.
The DVA totaled €3 million as of December 31, 2014 compared with nil as of December 31, 2013.

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Note 5d: Fair value hierarchy

Dec. 31, 2014	Level 1	Level 2	Level 3	Total
Financial assets				
Available for sale (AFS)				
- Government securities and similar instruments	5,318	66	131	5,515
- Bonds and other fixed-income securities	3,092	1,001	750	4,843
- Equities, portfolio activity securities and other variable-income securities	61	2	127	190
- Investments and other long-term securities	58	6	182	246
- Investments in non-consolidated equity interests	0	16	207	223
Trading/Fair value by option				
- Government securities and similar instruments – Trading	2,342	326	0	2,668
- Government securities and similar instruments – Fair value by option	0	0	0	0
- Bonds and other fixed-income securities – Trading	5,109	1,354	213	6,676
- Bonds and other fixed-income securities – Fair value by option	46	0	297	343
- Equities and other variable-income securities – Trading	728	0	6	734
- Equities and other variable-income securities – Fair value by option	275	0	1,527	1,802
- Loans and receivables due from credit institutions – Fair value by option	0	0	0	0
- Loans and receivables due from customers – Fair value by option	0	21	0	21
- Derivatives and other financial assets – Trading	85	4,240	386	4,711
Derivatives used for hedging purposes	0	789	80	869
TOTAL	**17,114**	**7,821**	**3,906**	**28,841**

Financial liabilities				
Trading/Fair value by option				
- Due to credit institutions – Fair value by option	0	2,424	0	2,424
- Due to customers – Fair value by option	0	101	0	101
- Debt securities – Fair value by option	0	0	0	0
- Subordinated notes – Fair value by option	0	0	0	0
- Derivatives and other financial liabilities – Trading	3,463	4,747	455	8,665
Derivatives used for hedging purposes	0	4,095	97	4,192
TOTAL	**3,463**	**11,367**	**552**	**15,382**

The instruments in the trading portfolio classified within level 2 or 3 comprise mainly securities judged to be illiquid and derivatives. There are uncertainties surrounding the measurement of all these instruments, which result in value adjustments reflecting the risk premium that a market participant would incorporate when establishing the price.
Said valuation adjustments facilitate the inclusion, in particular, of risks not taken into account by the model, of liquidity risks associated with the instrument or parameter concerned, and specific risk premiums designed to offset certain additional costs that would result from the dynamic management strategy associated with the model under certain market conditions and the counterparty risk present in the fair value of over-the-counter derivatives. The methods used may change. The latter includes the own counterparty risk present in the fair value of over-the-counter derivatives.
When value adjustments are calculated, each risk factor is considered individually and no diversification effect between risks, parameters or models of a different nature is taken into account. A portfolio approach is most often adopted for a given risk factor.

Breakdown of level 3 – Equities and other variable-income securities – Fair value by option

2014	Jan. 1, 2014	Purchases	Sales	Gains and losses recorded in profit and loss	Other movements	Dec. 31, 2014
Equities and other variable-income securities – Fair value by option	1,537	256	(267)	99	(98)	1,527

Dec. 31, 2013	Level 1	Level 2	Level 3	Total
Financial assets				
Available for sale (AFS)				
- Government securities and similar instruments	6,554	0	0	6,554
- Bonds and other fixed-income securities	3,396	483	188	4,067
- Equities, portfolio activity securities and other variable-income securities	111	2	79	192
- Investments and other long-term securities	6	7	189	202
- Investments in non-consolidated equity interests	0	18	166	184
Trading/Fair value by option				
- Government securities and similar instruments – Trading	1,499	0	165	1,664
- Government securities and similar instruments – Fair value by option	0	0	0	0
- Bonds and other fixed-income securities – Trading	7,208	1,197	253	8,658
- Bonds and other fixed-income securities – Fair value by option	64	0	300	364
- Equities and other variable-income securities – Trading	531	0	6	537
- Equities and other variable-income securities – Fair value by option	161	0	1,537	1,698
- Loans and receivables due from credit institutions – Fair value by option	0	5,505	0	5,505
- Loans and receivables due from customers – Fair value by option	0	5,066	0	5,066
- Derivatives and other financial assets – Trading	35	5,483	158	5,676
Derivatives used for hedging purposes	0	56	4	60
TOTAL	**19,565**	**17,817**	**3,045**	**40,427**
Financial liabilities				
Trading/Fair value by option				
- Due to credit institutions – Fair value by option	0	13,986	0	13,986
- Due to customers – Fair value by option	0	2,287	0	2,287
- Debt securities – Fair value by option	0	184	0	184
- Subordinated notes – Fair value by option	0	0	0	0
- Derivatives and other financial liabilities –Trading	2,689	7,372	142	10,203
Derivatives used for hedging purposes	0	1,398	5	1,403
TOTAL	**2,689**	**25,227**	**147**	**28,063**

Note 6: Derivatives used for hedging purposes

	Dec. 31, 2014		Dec. 31, 2013	
	Assets	Liabilities	Assets	Liabilities
Derivatives designated as cash flow hedges	0	0	3	5
Of which, changes in value recognized in equity	*0*	*0*	*3*	*5*
Of which, changes in value recognized in income				
Derivatives designated as fair value hedges	869	4,192	57	1,398
TOTAL	**869**	**4,192**	**60**	**1,403**

A fair value hedge is a hedge of the exposure to changes in the fair value of a financial instrument attributable to a specific risk. Changes in the fair value of the hedging instrument and the hedged item, for the portion attributable to the risk being hedged, are taken to income.

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Note 7: Available-for-sale financial assets

	2014	2013
Government securities	5,445	6,470
Bonds and other fixed-income securities		
- Quoted	4,633	3,864
- Not quoted	195	184
Equities and other variable-income securities		
- Quoted	80	109
- Not quoted	109	83
Long-term investments		
- Investments in non-consolidated companies		
Quoted	2	2
Not quoted	64	69
- Other long-term securities		
Quoted	52	3
Not quoted	127	127
- Investments in non-consolidated equity interests		
Quoted	0	0
Not quoted	223	180
- Translation adjustment	0	0
- Securities loaned	1	1
Accrued interest	86	107
TOTAL	**11,017**	**11,199**
Of which, unrealized gains and losses (net of tax) on bonds and other fixed-income securities and on government securities	*(142)*	*(188)*
Of which, unrealized gains and losses (net of tax) on equities and other variable-income securities and on long-term investments	*95*	*75*
Of which, impairment of bonds and other fixed-income securities	*(48)*	*(37)*
Of which, impairment of equities and other variable-income securities and of long-term investments	*(47)*	*(71)*

Impairment of equities

Equity holdings were reviewed in order to identify any impairment losses. Impairment provisions are raised for quoted equities in the event of a significant (a decrease of at least 50% in its value compared with its acquisition cost) or prolonged (36-month) decline of the stock price to below its cost.

As regards impairment losses and reversals of such losses recognized in the income statement, in 2014 there were net reversals of €35 million compared with a net reversal of €16 million in respect of 2013.

At December 31, 2014, the cost of impaired equities came to €119 million and the corresponding impairment amounted to €47 million. They had a market value of €72 million.

Note 7a: List of main investments in non-consolidated companies

		% held	Equity	Total assets	Net banking income or sales	Net income
Foncière des Régions	Quoted	< 5%	7,215	17,181	765	**512**
Crédit Logement	Not quoted	< 5%	1,514	10,260	212	**74**

The figures above relate to fiscal year 2013 (except those for the percentage interest held).

Note 7b: Exposures to sovereign risk

Sovereign exposures

Net outstandings as per the financial statements at December 31, 2014*/**	Portugal	Ireland	Spain	Italy
Financial assets at fair value through profit or loss	39		139	73
Available-for-sale financial assets	67	85	157	1,028
TOTAL	**106**	**85**	**296**	**1,101**
Residual contractual term				
Less than 1 year	7		38	351
1 to 3 years	2		167	192
3 to 5 years	50	85	17	389
5 to 10 years	39		34	50
More than 10 years	8		40	119
TOTAL	**106**	**85**	**296**	**1,101**

Net outstandings as per the financial statements at December 31, 2013*/**				
Financial assets at fair value through profit or loss	7		248	14
Available-for-sale financial assets	63	85	8	3,370
TOTAL	**70**	**85**	**256**	**3,384**
Residual contractual term				
Less than 1 year	13		181	2,225
1 to 3 years			64	379
3 to 5 years	50		3	349
5 to 10 years	2	85		198
More than 10 years	5		8	233
TOTAL	**70**	**85**	**256**	**3,384**

* At market value for capital markets activities; at nominal value for other business lines.
** Outstandings net of CDS used to purchase protection.

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Note 8: Loans and receivables due from customers

	Dec. 31, 2014	Dec. 31, 2013
Performing loans		
Commercial loans	4,485	4,257
Of which, factoring accounts	*3,454*	*3,034*
- Other loans and receivables		
- Home loans	65,139	64,618
- Other loans and miscellaneous receivables	57,192	55,127
- Resale agreements	6,991	457
Accrued interest	261	240
Securities not quoted in an active market	578	576
Individually-impaired receivables	5,242	5,093
Individual impairment	(2,456)	(2,489)
Collective impairment	(183)	(177)
Sub-total	**137,249**	**127,702**
Finance leases (net investment)		
- Equipment	5,570	5,385
- Real estate	3,720	3,469
Individually-impaired receivables	327	348
Individual impairment	(127)	(137)
Sub-total	**9,490**	**9,065**
TOTAL	**146,739**	**136,767**
Including non-voting loan stock	*12*	*12*
Including subordinated loans	*27*	*18*

Finance lease transactions

	Jan. 1, 2014	Acquisitions	Disposals	Other	Dec. 31, 2014
Gross	9,202	1,148	(754)	21	9,617
Impairment of non-recoverable lease payments	(137)	(20)	29	0	(128)
Net	**9,065**	**1,128**	**(725)**	**21**	**9,489**

Maturity analysis of minimum future lease payments receivable under finance leases

	1 year or less	More than 1 year and less than 5 years	More than 5 years	Total
Minimum future lease payments receivable	2,761	4,983	2,105	9,849
Present value of future lease payments	2,619	4,818	2,096	9,533
Unearned finance income	**142**	**165**	**9**	**316**

Note 9: Remeasurement adjustment on interest rate risk hedged portfolios

	Dec. 31, 2014		Dec. 31, 2013		Change in fair value	
	Assets	Liabilities	Assets	Liabilities	Change in fair value	
Fair value of portfolio interest rate risk	659	(1,007)	622	(807)	37	(200)

Note 10: Held-to-maturity financial assets

	Dec. 31, 2014	Dec. 31, 2013
Government securities	0	0
Bonds and other fixed-income securities	72	91
Accrued interest	0	0
TOTAL GROSS	**72**	**91**
Provisions for impairment	(15)	(16)
TOTAL NET	**57**	**75**

Note 10a: Movements in provisions for impairment

	Jan. 1, 2014	Additions	Reversals	Other	Dec. 31, 2014
Loans and receivables due from credit institutions	(4)	0	1	0	(3)
Loans and receivables due from customers	(2,803)	(629)	674	(8)	(2,766)
Available-for-sale securities	(108)	(37)	61	(11)	(95)
Held-to-maturity securities	(16)	0	1	0	(15)
TOTAL	**(2,931)**	**(666)**	**737**	**(19)**	**(2,879)**

Note 10b: Financial instruments – Reclassifications

In the rare situation of a market that was in total disarray, on July 1, 2008, CIC transferred €18.8 billion of assets from the trading portfolio into the available-for-sale portfolio (€16.1 billion) and into the loans and receivables portfolio (€2.7 billion), and €5.5 billion from the available-for-sale portfolio into the loans and receivables portfolio.

	Dec. 31, 2014	Dec. 31, 2013
Carrying amount of assets reclassified	**4,276**	**6,695**
Loans and receivables portfolio	1,595	2,010
AFS portfolio	2,681	4,685
Fair value of assets reclassified	**4,336**	**6,777**
Loans and receivables portfolio	1,680	2,093
AFS portfolio	2,656	4,684

	Dec. 31, 2014	Dec. 31, 2013
Gains/(losses) that would have been recognized in the income statement at fair value if the assets had not been reclassified	122	(100)
Unrealized gains/(losses) that would have been recognized in equity if the assets had not been reclassified	(432)	145
Gains/(losses) recognized in income (net banking income and net additions to/reversals from provisions for loan losses) relating to reclassified assets	343	22

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Note 10c: Details of securitization outstandings

As requested by the banking supervisor and the markets regulator, an analysis is provided below of sensitive exposures based on the FSB's recommendations.
The trading and AFS portfolios were valued at market price based on external data sourced from organized markets, leading brokers or, when no price was available, based on comparable securities quoted in the market.

Summary	Dec. 31, 2014	Dec. 31, 2013
RMBS	2,012	1,919
CMBS	605	558
CLO	1,246	1,462
Other ABS	1,242	733
RMBS hedged by CDS	62	
CLO hedged by CDS	142	476
Other ABS hedged by CDS		22
ABCP program liquidity lines	199	304
TOTAL	**5,508**	**5,474**

Unless otherwise indicated, securities are not hedged by CDS.

Exposures: Residential mortgage-backed securities (RMBS), commercial mortgage-backed securities (CMBS), collateralized loan obligations (CLO) and other asset-backed securities (ABS)

Dec. 31, 2014	RMBS	CMBS	CLO	Other ABS	Total
Trading	413	386	152	151	1,102
AFS	887	219	726	942	2,774
Loans	712		368	149	1,229
TOTAL	**2,012**	**605**	**1,246**	**1,242**	**5,105**
France	16			367	383
Spain	72		13	38	123
United Kingdom	211			144	355
Europe excluding France, Spain and the United Kingdom	837	59	692	678	2,266
USA	849	546	331	15	1,741
Other	27		210		237
TOTAL	**2,012**	**605**	**1,246**	**1,242**	**5,105**
US Agencies	346				346
AAA	779	532	1,125	874	3,310
AA	72		29	188	289
A	216	14	72	109	411
BBB	60	59	9	55	183
BB	30		3		33
B or below	509			16	525
Not rated			8		8
TOTAL	**2,012**	**605**	**1,246**	**1,242**	**5,105**
Origination 2005 and earlier	239	354	8	5	606
Origination 2006-2008	950	251	394	61	1,656
Origination 2009-2011	315			54	369
Origination 2012-2014	508		844	1,122	2,474
TOTAL	**2,012**	**605**	**1,246**	**1,242**	**5,105**

Dec. 31, 2013	RMBS	CMBS	CLO	Other ABS	Total
Trading	700	498	133	294	1,625
AFS	450	60	520	295	1,325
Loans	769		809	144	1,722
TOTAL	**1,919**	**558**	**1, 462**	**733**	**4,672**
France		2		376	378
Spain	106			22	128
United Kingdom	259			55	314
Europe excluding France, Spain and the United Kingdom	806	75	1,008	266	2,155
USA	696	481	123	14	1,314
Other	52		331		383
TOTAL	**1,919**	**558**	**1,462**	**733**	**4,672**
US Agencies	243				243
AAA	618	472	971	492	2,553
AA	209		413	65	687
A	203	19	41	124	387
BBB	89	67	12	27	195
BB	72		17		89
B or below	485			25	510
Not rated			8		8
TOTAL	**1,919**	**558**	**1,462**	**733**	**4,672**
Origination 2005 and earlier	314	362	19	12	707
Origination 2006-2008	905	186	949	63	2,103
Origination 2009-2011	382			53	435
Origination 2012-2014	318	10	494	605	1,427
TOTAL	**1,919**	**558**	**1,462**	**733**	**4,672**

Note 11: Current or payable taxes

	Dec. 31, 2014	Dec. 31, 2013
Assets	431	416
Liabilities	214	208

Current income tax expense is calculated based on the tax rules and tax rates applicable in each country where the group has operations for the period in which the related revenue was earned.

Note 12: Deferred taxes

	Dec. 31, 2014	Dec. 31, 2013
Deferred tax assets dealt with through the income statement[1]	358	359
Deferred tax assets dealt with through equity	93	112
Deferred tax liabilities dealt with through the income statement	266	259
Deferred tax liabilities dealt with through equity	9	5

(1) Of which €63 million related to CIC New York as of December 31, 2014 compared with €84 million as of December 31, 2013.

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Analysis of deferred taxes (income statement) by major category

	Dec. 31, 2014		Dec. 31, 2013	
	Assets	Liabilities	Assets	Liabilities
Temporary differences on:				
Provisions	269		235	
Finance leasing reserves		(245)		(207)
Income from flow-through entities	2		1	
Remeasurement of financial instruments	747	(724)	577	(556)
Accrued expenses and accrued income			58	
Tax losses carried forward[1]	25		25	
Other temporary differences		(46)	6	(39)
Netting	**(749)**	**749**	**(543)**	**543**
TOTAL	**358**	**(266)**	**359**	**(259)**

(1) Of which, in respect of the United States: €25 million at December 31, 2014 and December 31, 2013.

The amount of tax losses carried forward in the USA which are recognized as an asset is limited to ten years of future profits. The recognition of a deferred tax asset based on the use of tax losses carried forward is tested for impairment on an annual basis. Deferred taxes are calculated using the liability method. Tax losses are a source of deferred tax assets to the extent that they have a high probability of recovery. The deferred tax rate for the French companies is 38% for temporary differences reversing in 2015 and 34.43% for subsequent years.

Note 13: Accruals and other assets

	Dec. 31, 2014	Dec. 31, 2013
Accruals		
Collection accounts	309	138
Currency adjustment accounts	7	2
Accrued income	319	386
Other accruals	1,746	2,013
Sub-total	**2,381**	**2,539**
Other assets		
Securities settlement accounts	53	57
Security deposits paid	6,394	5,175
Miscellaneous receivables	2,567	2,615
Inventories and similar	7	4
Other	7	31
Sub-total	**9,028**	**7,882**
TOTAL	**11,409**	**10,421**

Accruals and miscellaneous receivables consist mainly of suspense accounts relating to interbank payment systems, in particular SIT. Accrued expenses and accrued income consist of payroll costs and general operating expenses, but do not include accrued interest not yet due on loans and borrowings, which is recognized as related accrued interest.

Note 14: Investments in associates

Share of net assets of associates

	Dec. 31, 2014				Dec. 31, 2013			
	Share of capital held	Value under equity consolidation method	Share of net income/ (loss)	Dividends received	Share of capital held	Value under equity consolidation method	Share of net income/ (loss)	Dividends received
Groupe ACM[1] Not quoted	20.52%	1,597	127	50	20.52%	1,412	110	50
Banca Popolare di Milano[2] Quoted			61	0	6.60%	93	(46)	0
CM-CIC Asset Management Not quoted	23.53%	14	1	0	23.54%	13	1	0
TOTAL		**1,611**	**189**	**50**		**1,518**	**65**	**50**

(1) Comprises goodwill of €54 million.
(2) Banca Popolare di Milano was sold during the first half of 2014.
The €61 million net income comprised:
- the group's share of BPM's net loss in respect of the first quarter of €7 million;
- the gain on disposal, net of the reversal of impairment provisions, of €68 million.

Financial data published by the group's main associates

2014	Total assets	Net banking income	Operating income before provisions	Net income	OCI	Equity
Groupe ACM	87,201	1,545	1,137	645	1,123	7,685
CM-CIC Asset Management	80	54	7	4	1	59
2013						
Groupe ACM	77,349	1,338	946	563	587	6,740
Banca Popolare di Milano	50,226	1,663	477	(189)	62	3,667
CM-CIC Asset Management	75	56	10	6	1	55

Reconciliation between the summarized information and the value under the equity consolidation method

2014	Group equity	Consolidation adjustments	Restated equity	Impact of percentage interest	Goodwill on consolidation	Impairment	Value under the equity consolidation method
Groupe ACM	7,418	105	7,523	(5,980)	54		1,597
CM-CIC Asset Management	59	0	59	(45)			14
TOTAL	**7,477**	**105**	**7,582**	**(6,025)**	**54**	**0**	**1,611**
2013							
Groupe ACM	6,486	132	6,618	(5,260)	54		1,412
Banca Popolare di Milano	3,647	0	3,647	(3,406)		(148)	93
CM-CIC Asset Management	55	0	55	(42)			13
TOTAL	**10,188**	**132**	**10,320**	**(8,708)**	**54**	**(148)**	**1,518**

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Note 15: Investment property

	Jan. 1, 2014	Increases	Decreases	Other movements	Dec. 31, 2014
Historical cost	**49**	**3**	**(3)**	**10**	**59**
Depreciation and impairment	(18)	(2)	2	(4)	(22)
Net	**31**	**1**	**(1)**	**6**	**37**

The fair value of investment property carried at cost is comparable to its carrying amount.

Note 16: Property and equipment

	Jan. 1, 2014	Increases	Decreases	Other movements	Dec. 31, 2014
Historical cost					
Land used in operations	345	1	(9)	0	337
Buildings used in operations	2,495	64	(27)	11	2,543
Other property and equipment	597	32	(31)	(19)	579
TOTAL	**3,437**	**97**	**(67)**	**(8)**	**3,459**
Depreciation and impairment					
Land used in operations	0	0	0	0	0
Buildings used in operations	(1,467)	(110)	16	(15)	(1,576)
Other property and equipment	(485)	(23)	22	15	(471)
TOTAL	**(1,952)**	**(133)**	**38**	**0**	**(2,047)**
Net	**1,485**	**(36)**	**(29)**	**(8)**	**1,412**

Note 17: Intangible assets

	Jan. 1, 2014	Increases	Decreases	Other movements	Dec. 31, 2014
Historical cost					
Internally developed intangible assets	0	0	0	0	0
Purchased intangible assets	422	34	(65)	3	394
- Software	*101*	*7*	*(1)*	*0*	*107*
- Other	*321*	*27*	*(64)*	*3*	*287*
TOTAL	**422**	**34**	**(65)**	**3**	**394**
Amortization and impairment					
Internally developed intangible assets	0	0	0	0	0
Purchased intangible assets[1]	(213)	(31)	48	37	(159)
- Software	*(63)*	*(14)*	*1*	*0*	*(76)*
- Other	*(150)*	*(17)*	*47*	*37*	*(83)*
TOTAL	**(213)**	**(31)**	**48**	**37**	**(159)**
Net	**209**	**3**	**(17)**	**40**	**235**

(1) Including €38 million corresponding to a transfer from impairment provisions on intangible assets to impairment provisions on goodwill.

Note 18: Goodwill

	Jan. 1, 2014	Increases	Decreases	Other movements[1]	Dec. 31, 2014
Gross value	86	0	(16)	1	71
Impairment	0	0	0	(38)	(38)
Carrying amount	**86**	**0**	**(16)**	**(37)**	**33**

(1) Including €38 million corresponding to a transfer from impairment provisions on intangible assets to impairment provisions on goodwill.
Goodwill is tested for impairment on an annual basis.

	Jan. 1, 2014	Increases	Decreases	Other movements	Dec. 31, 2014
Banque Transatlantique	6				6
Banque Pasche	54		(16)	(38)	0
Transatlantique Gestion	5			1	6
CM-CIC Investissement	21				21
TOTAL	**86**	**0**	**(16)**	**(37)**	**33**

Notes to the statement of financial position – Liabilities

Note 19: Due to central banks – Due to credit institutions

	Dec. 31, 2014	Dec. 31, 2013
Central banks	59	460
Due to credit institutions		
Current accounts	2,475	1,061
Other borrowings[1]	55,225	51,648
Repurchase agreements	11,910	1,151
Accrued interest	123	135
TOTAL	**69,733**	**53,995**

(1) Including €48,730 million due to BFCM at December 31, 2014 and €45,018 million at December 31, 2013.

Note 20: Financial liabilities at fair value through profit or loss

	2014	2013
Financial liabilities held for trading	8,665	10,203
Financial liabilities accounted for under the fair value option	2,525	16,457
TOTAL	**11,190**	**26,660**

Note 20a: Financial liabilities held for trading

	Dec. 31, 2014	Dec. 31, 2013
Short sales of securities		
- Government securities	2	0
- Bonds and other fixed-income securities	2,440	1,192
- Equities and other variable-income securities	959	617
Debts in respect of securities sold under repurchase agreements		
Derivatives held for trading	5,075	7,558
Other financial liabilities held for trading	189	836
Of which, debts in respect of borrowed securities	*189*	*836*
TOTAL	**8,665**	**10,203**

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Note 20b: Financial liabilities accounted for under the fair value option

	Dec. 31, 2014			Dec. 31, 2013		
	Carrying amount	Amount due on maturity	Difference	Carrying amount	Amount due on maturity	Difference
Securities issued	0	0	0	184	184	0
Subordinated notes	0	0	0	0	0	0
Interbank borrowings[1]	2,424	2,424	0	13,986	13,986	0
Amounts due to customers[1]	101	101	0	2,287	2,287	0
TOTAL	**2,525**	**2,525**	**0**	**16,457**	**16,457**	**0**

(1) The carrying amount of debt securities given under repurchase agreements came to €2,219 million at December 31, 2014 compared with €16,078 million at December 31, 2013.

The assessment of the specific credit risk was not material.

Note 21: Due to customers

	Dec. 31, 2014	Dec. 31, 2013
Regulated savings accounts		
- Demand	25,416	25,437
- Term	8,779	8,028
Accrued interest	1	1
Sub-total	**34,196**	**33,466**
Current accounts	49,794	42,633
Term deposits and borrowings	33,668	36,201
Repurchase agreements	3,825	166
Accrued interest	406	381
Sub-total	**87,693**	**79,381**
TOTAL	**121,889**	**112,847**

Note 22: Debt securities

	Dec. 31, 2014	Dec. 31, 2013
Retail certificates of deposit	207	187
Interbank instruments and money market securities	15,374	15,044
Bonds	2,617	1,525
Accrued interest	72	68
TOTAL	**18,270**	**16,824**

Note 23: Accruals and other liabilities

	Dec. 31, 2014	Dec. 31, 2013
Accruals		
Accounts unavailable due to recovery procedures	95	124
Currency adjustment accounts	4	16
Accrued expenses	573	608
Deferred income	421	462
Other accruals	4,182	4,155
Sub-total	**5,275**	**5,365**
Other liabilities		
Securities settlement accounts	47	91
Outstanding amounts payable on securities	77	74
Miscellaneous creditors	1,216	1,041
Sub-total	**1,340**	**1,206**
TOTAL	**6,615**	**6,571**

Further details of accruals and other liabilities are provided in note 13.

Note 24: Provisions

	Jan. 1, 2014	Additions	Reversals (utilized provisions)	Reversals (surplus provisions)	Other movements	Dec. 31, 2014
Provisions for counterparty risks						
On signature commitments	94	39	0	(34)	0	99
Provision for risk on miscellaneous receivables	12	2	(3)	(3)	0	8
On financing and guarantee commitments	0	0	0	0	0	0
Other provisions for counterparty risks[1]	0	0	0	0	96	96
Other provisions						
Provisions for retirement costs	200	25	(5)	(1)	11	230
Provisions for claims and litigations	21	5	(4)	(4)	0	18
Provision for home savings accounts and plans	24	5	0	0	0	29
Provision for taxes	31	12	(15)	(4)	14	38
Provisions for miscellaneous contingencies	269	19	(7)	(6)	17	292
Other provisions[2]	298	52	18	(25)	(14)	329
TOTAL	**949**	**159**	**(16)**	**(77)**	**124**	**1,139**

(1) Other provisions for counterparty risks relate to the deconsolidated subsidiaries that sold PBM shares.
(2) Other provisions include provisions set aside in respect of economic interest groupings (EIG) totaling €297 million.

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Note 24a: Retirement and other employee benefits

	Jan. 1, 2014	Additions	Reversals	Other movements[1]	Dec. 31, 2014
Defined benefit plans not covered by retirement funds					
Retirement bonuses	104	15	0	0	119
Top-up payments	44	3	(5)	0	42
Obligations for long-service awards (other long-term benefits)	34	4	(1)	0	37
Sub-total	**182**	**22**	**(6)**	**0**	**198**
Supplementary defined benefit pensions covered by pension funds					
Provision for pension fund shortfalls[2]	18	3	0	11	32
Sub-total	**18**	**3**	**0**	**11**	**32**
TOTAL	**200**	**25**	**(6)**	**11**	**230**

(1) The other movements resulted from the change in the IBOXX discount rate from 3% as of December 31, 2013 to 1.7% as of December 31, 2014.
(2) The provisions for pension fund shortfalls relate to the group's foreign entities.

Assumptions used	2014	2013
Discount rate[2]	1.7%	3.0%
Salary inflation rate[3]	Minimum 1.2%	Minimum 1.4%

(1) The provisions for pension fund shortfalls relate to the group's foreign entities.
(2) The discount rate used is the yield on long-term bonds issued by top-tier companies, based on the IBOXX index.
(3) The annual increase in salaries is the estimated cumulative future salary inflation rate. It is also based on the age of employees.

Movement in the CIC banks' provision for retirement bonuses

Retirement bonuses	Jan. 1, 2014	Impact of discounting	Financial income	Cost of services rendered	Other including past service cost	Change in actuarial differ-ences[1]	Payment to beneficiaries	Insurance contributions	Dec. 31, 2014
Commitments	209	6		10		30	(19)		236
Insurance policy	116		3			3	(12)	19	129
Sub-total: banks guaranteed by ACM	**93**	**6**	**(3)**	**10**	**0**	**27**	**(7)**	**(19)**	**107**
Other French entities	1								2
Foreign entities	10								10
TOTAL	**104**								**119**

(1) Including €5 million concerning demographic assumptions and €22 million concerning financial assumptions.

Additional information for the French entities guaranteed by ACM:
- the term of the commitments is 18 years;
- in respect of the fiscal year ending December 31, 2015, the group expects costs of services rendered of €10 million and financial costs of €6 million.

Analysis of the sensitivity of the commitments to the discount rate

Discount rate	1.20%	1.70%	2.20%
Commitments	253	238	226

Analysis by maturity of retirement bonuses	1 to 5 years	6 to 10 years	11 to 15 years	16 to 20 years	21 to 25 years	26 to 30 years	Over 30 years	Total	Total discounted
Retirement bonuses: expected flows	88	86	67	57	80	106	135	619	238

Breakdown of the ACM insurance policy assets	2014				2013			
	Debt securities	Equity instruments	Real estate	Other	Debt securities	Equity instruments	Real estate	Other
Assets quoted on an active market	80	46	1	3	71	42	1	3
Assets not quoted on an active market		1	2			1	2	
TOTAL	**80**	**47**	**3**	**3**	**71**	**43**	**3**	**3**

The assets are valued at fair value.

Defined contribution retirement benefits

Provisions for top-up payments
The group's French banks have in the past implemented additional supplementary retirement plans, which are now closed. The banks' commitments under these plans totaled €30 million at December 31, 2014 and December 31, 2013. The amount paid in respect of benefits was a negative €3 million and the amount in respect of the change in assumptions was a positive €3 million.

Individual retirement savings plan entered into with ACM
A supplementary defined benefit retirement agreement has been implemented with ACM for the French entities that have adopted the group-wide benefits platform. These entities paid €29 million during the year under the terms of this contract.

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Note 24b: Provisions for risks arising from commitments on home savings accounts and plans

	Dec. 31, 2014	Dec. 31, 2013
Home savings plans		
Contracted between 0 and 4 years ago	2,394	1,437
Contracted between 4 and 10 years ago	1,955	1,997
Contracted more than 10 years ago	2,821	3,111
TOTAL	**7,170**	**6,545**
Amounts outstanding under home savings accounts	593	617
TOTAL	**7,763**	**7,162**

Home savings loans	Dec. 31, 2014	Dec. 31, 2013
Balance of home savings loans giving rise to provisions for risks reported in assets	113	146

Home savings provisions	Jan. 1, 2014	Net additions	Other movements	Dec. 31, 2014
On home savings accounts	9	1		10
On home savings plans	11	5		16
On home savings loans	4	(1)		3
TOTAL	**24**	**5**	**0**	**29**
Maturity analysis				
Contracted between 0 and 4 years ago	0			0
Contracted between 4 and 10 years ago	0			4
Contracted more than 10 years ago	11			12
TOTAL	**11**			**16**

Home savings accounts ("CEL") and home savings plans ("PEL") are government-regulated retail products sold in France. Account holders receive interest on amounts paid into these accounts over a certain period (initial savings phase), at the end of which they are entitled to a mortgage loan (secondary borrowing phase). For the distributing establishment, they generate two types of obligation:

- to pay interest in the future on paid-in amounts at a fixed rate (in the case of PEL accounts only, as interest on CEL accounts is regularly revised on the basis of an indexation formula and is therefore treated as a variable rate);
- to grant loans to customers at their request, at a rate set on inception of the contract (both PEL and CEL products).

The cost represented by these obligations has been estimated on the basis of behavioral statistics and market data.

A provision is recognized in liabilities to cover the future costs relating to the risk that the terms of such products may be potentially unfavorable to the bank, i.e. where the bank offers different interest rates than those on similar non-regulated products. This approach is managed based on generations of regulated PEL savings products with similar characteristics. The impacts on income are included in interest paid to customers.

The rise in provisions for risks in 2014 was essentially due to an amendment to the calculation of the deposits spread, now taking into account the taxation of the savings products. Since the tax burden is greater on term deposits than on PEL accounts, the interest rate differential in favor of PEL products increases as does the provision, other things being equal. The updating of the behavioral model in respect of the 2013 data will mitigate the increase in the provisions on the PEL accounts.

Note 25: Subordinated debt

	Dec. 31, 2014	Dec. 31, 2013
Subordinated notes	97	97
Non-voting loan stock	153	152
Perpetual subordinated notes	107	1,607
Other debt	478	444
Accrued interest	9	11
TOTAL	**844**	**2,311**

Subordinated debt representing more than 10% of total subordinated debt at December 31, 2014

Main subordinated debt issues	Issue date	Issue amount	Currency	Rate	Maturity	Early redemption feature	Early redemption conditions
Subordinated notes	09.30.03	$350m	USD	a	09.30.2015		
Non-voting loan stock	05.28.85	€137m	EUR	b	c		

(a) 6-month USD Libor + 55 basis points. Subscribed by BFCM.
(b) Minimum 85% (TAM+TMO)/2 Maximum 130% (TAM+TMO)/2.
(c) Repayable at borrower's discretion as from May 28, 1997 at 130% of the face value incremented at the rate of 1.5% for each subsequent year.

Payment of interest on super-subordinated notes, which are financial instruments reported in liabilities, may only be suspended in certain predefined situations outside the control of the issuer.

Note 26a: Unrealized gains and losses

	2014	2013
Unrealized or deferred gains and losses* relating to:		
Translation adjustments	82	21
Available-for-sale financial assets		
- Equities	95	86
- Bonds	(142)	(189)
Actuarial differences on defined benefit plans	(68)	(44)
Derivatives designated as cash flow hedges	(1)	(11)
Real estate assets (IAS 16)		
Share of unrealized gains and losses of associates	231	125
TOTAL	**197**	**(12)**
Unrealized or deferred gains and losses		
Attributable to owners of the company	197	(22)
Non-controlling interests	0	10
TOTAL	**197**	**(12)**

* Amounts net of tax.

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Note 26b: Additional information on movements in unrealized or deferred gains and losses

Movement in gains and losses recognized directly in equity

	Dec. 31, 2014	Dec. 31, 2013
Translation adjustments		
Reclassification in income		
Other movements	60	(18)
Sub-total	**60**	**(18)**
Remeasurement of available-for-sale financial assets		
Reclassification in income	38	37
Other movements	20	197
Sub-total	**58**	**234**
Remeasurement of hedging derivatives		
Reclassification in income	0	(6)
Other movements	9	15
Sub-total	**9**	**9**
Remeasurement of non-current assets	0	0
Actuarial differences on defined benefit plans	(24)	8
Share of unrealized or deferred gains and losses of associates	106	5
TOTAL	**209**	**238**

Movement in gains and losses recognized directly in equity

	Dec. 31, 2014			Dec. 31, 2013		
	Gross	Tax	Net	Gross	Tax	Net
Translation adjustments	60		60	(18)		(18)
Remeasurement of available-for-sale financial assets	91	(33)	58	350	(116)	234
Remeasurement of hedging derivatives	12	(3)	9	12	(3)	9
Remeasurement of non-current assets			0			0
Actuarial differences on defined benefit plans	(38)	14	(24)	8	0	8
Share of unrealized or deferred gains and losses of associates	106		106	5		5
TOTAL MOVEMENTS IN GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY	**231**	**(22)**	**209**	**357**	**(119)**	**238**

Note 27: Commitments given and received

Commitments given	Dec. 31, 2014	Dec. 31, 2013
Financing commitments		
To credit institutions	506	642
To customers	26,457	25,836
Guarantees		
To credit institutions	1,688	1,491
To customers	12,683	12,694

Commitments received	Dec. 31, 2014	Dec. 31, 2013
Financing commitments		
From credit institutions	6,148	6,487
Guarantees		
From credit institutions	30,837	30,007

Note 27a: Transfers of financial assets

Assets given as collateral for liabilities

For the purposes of its refinancing activities, the group enters into repurchase agreements in respect of debt securities and/or equity securities. These agreements result in the transfer of the ownership of securities that the transferee may in turn lend. Coupons and dividends are the property of the borrower. These transactions are subject to margin calls and the group is exposed to the non-recovery of the securities.

The fair value of assets sold under repurchase agreements was €18,557 million at December 31, 2014 compared with €17,189 million at December 31, 2013.

	Dec. 31, 2014	Dec. 31, 2013
Securities loaned	1	1
Security deposits on market transactions	6,394	5,175
Securities sold under repurchase agreements	17,794	17,238
TOTAL	**24,189**	**22,414**

Note 27b: Financial assets/liabilities that are offset or subject to an enforceable master netting agreement or similar agreement

Dec. 31, 2014	Gross amount of financial assets/ liabilities recognized	Gross amount of financial assets/ liabilities recognized and set off in the statement of financial position	Net amount of financial assets/ liabilities presented in the statement of financial position	Financial instruments Impacts of master agreements	Financial instruments received or given as collateral	Cash received *(cash collateral)*	Net amount
Financial assets							
Derivatives	5,580	0	5,580	(2,901)	0	(540)	2,139
Repurchase agreements	16,038	0	16,038	0	(14,858)	(365)	815
TOTAL	**21,618**	**0**	**21,618**	**(2,901)**	**(14,858)**	**(905)**	**2,954**
Financial liabilities							
Derivatives	9,267	0	9,267	(2,859)	0	(6,066)	342
Repurchase agreements	17,793	0	17,793	0	(17,478)	(315)	0
TOTAL	**27,060**	**0**	**27,060**	**(2,859)**	**(17,478)**	**(6,381)**	**342**

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Dec. 31, 2013	Gross amount of financial assets/ liabilities recognized	Gross amount of financial assets/ liabilities recognized and set off in the statement of financial position	Net amount of financial assets/ liabilities presented in the statement of financial position	Financial instruments Impacts of master agreements	Financial instruments received or given as collateral	Cash received *(cash collateral)*	Net amount
Financial assets							
Derivatives	5,736		5,736	(2,879)		(487)	2,370
Repurchase agreements	13,644		13,644		(13,519)	(34)	91
TOTAL	**19,380**	**0**	**19,380**	**(2,879)**	**(13,519)**	**(521)**	**2,461**
Financial liabilities							
Derivatives	8,961		8,961	(2,822)		(4,987)	1,152
Repurchase agreements	17,239		17,239		(16,452)	(787)	0
TOTAL	**26,200**	**0**	**26,200**	**(2,822)**	**(16,452)**	**(5,774)**	**1,152**

The aim of this information, which is required by an amendment to IFRS 7 (applicable as from January 1, 2013), is to facilitate comparability with the treatment applicable under the accounting principles generally accepted in the United States (US GAAP), which are less restrictive than the IFRS.
The group does not practice accounting offsetting, in accordance with IAS 32, which explains why there is no amount in the second column.
The column headed "Impact of master netting agreements" corresponds to outstanding transactions under enforceable contracts but not subject to accounting offsetting.
The column headed "Financial instruments received or given as collateral" comprises the collateral exchanged in the form of securities at their market value.
The column headed "Cash received/paid (cash collateral)" includes the guarantee deposits received or given as consideration for the positive or negative market values of the financial instruments. They are recognized in the statement of financial position in the other asset and liability accounts.

Notes to the income statement

Note 28: Interest income and expense

	2014		2013	
	Income	**Expense**	Income	Expense
Credit institutions and central banks	508	(671)	557	(763)
Customers	6,879	(3,685)	6,946	(3,841)
Of which, finance leases	*2,679*	*(2,388)*	*2,678*	*(2,375)*
Financial assets/liabilities accounted for under the fair value option	0		0	
Derivatives used for hedging purposes	2,589	(3,477)	447	(727)
Available-for-sale financial assets	214		181	
Held-to-maturity financial assets	2		2	
Debt securities		(196)		(188)
Subordinated debt		(15)		(40)
TOTAL	**10,192**	**(8,044)**	**8,133**	**(5,559)**

Note 29: Commission income and expense

	2014		2013	
	Income	Expense	Income	Expense
Credit institutions	4	(4)	9	(2)
Customers	809	(10)	821	(10)
Securities transactions	477	(26)	473	(27)
Derivative instruments	2	(4)	2	(4)
Currency transactions	18	(1)	18	(1)
Financing and guarantee commitments	6	(12)	7	(11)
Services provided	906	(419)	911	(414)
TOTAL	**2,222**	**(476)**	**2,241**	**(469)**

	2014	2013
Commissions on financial assets and liabilities not carried at fair value through profit or loss (including demand accounts)	857	870
Commissions for management services provided to third parties	432	411

Note 30: Net gain/(loss) on financial instruments at fair value through profit or loss

	2014	2013
Trading instruments	286	(284)
Instruments accounted for under the fair value option[1]	154	128
Ineffective portion of hedges	(30)	5
Foreign exchange gains	31	29
TOTAL CHANGES IN FAIR VALUE	**441**	**(122)**

(1) Including €142 million in respect of the private equity business.

Note 30a: Ineffective portion of hedges

	2014	2013
Change in fair value of hedged items	514	(1,215)
Change in fair value of hedging instruments	(544)	1,220
TOTAL INEFFECTIVE PORTION OF HEDGES	**(30)**	**5**

Note 31: Net gain/(loss) on available-for-sale financial assets

	2014				2013			
	Dividends	Realized gains and losses	Impairment	Total	Dividends	Realized gains and losses	Impairment	Total
Government securities, bonds and other fixed-income securities		53	0	53		183	0	183
Equities and other variable-income securities	1	(16)	0	(15)	1	2	1	4
Long-term investments	26	(25)	35	36	30	29	15	74
Other	0	0	0	0	0	2	0	2
TOTAL	**27**	**12**	**35**	**74**	**31**	**216**	**16**	**263**

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Note 32: Income/expenses on other activities

	2014	2013
Income from other activities		
Investment property	3	0
Rebilled expenses	69	67
Other income	85	98
Sub-total	**157**	**165**
Expenses on other activities		
Investment property	(2)	(2)
Other expenses	(154)	(184)
Sub-total	**(156)**	**(186)**
TOTAL	**1**	**(21)**

Note 33: General operating expenses

	2014	2013
Payroll costs	(1,662)	(1,653)
Other expenses	(1,090)	(1,071)
TOTAL	**(2,752)**	**(2,724)**

Note 33a: Payroll costs

	2014	2013
Wages and salaries	(990)	(992)
Social security charges[1]	(444)	(432)
Employee profit-sharing and incentive bonuses	(88)	(93)
Payroll-based taxes	(138)	(135)
Other	(2)	(1)
TOTAL	**(1,662)**	**(1,653)**

(1) Including income of €23 million in respect of the Tax Credit for Competitiveness and Employment *(Crédit d'impôt pour la compétitivité et l'emploi – CICE)*. This amount corresponds to 6% of the salaries eligible for this measure as of December 31, 2014.

The CICE has enabled the group to maintain, and even to increase, its financing of employee training at a level well in excess of the regulatory requirements and to improve the group's overall competitiveness by the following initiatives, in particular:

- by investing, particularly in new technologies such as digital tools (tablet computers) and videoconferencing systems on laptop computers enabling customers to both have regular contact with their relationship manager and make energy savings;
- through IT developments concerning new telephone payment methods and related services;
- by developing new services for the group's retailer customers;
- by searching for new domestic and international markets that would enable the group to reduce the costs of the services it provides to customers.

Note 33b: Average number of employees (as full-time equivalent)

	2014	2013
Banking staff	10,927	11,249
Managerial staff	8,966	8,973
TOTAL	**19,893**	**20,222**
Analysis by country		
France	18,378	18,724
Outside France	1,515	1,498
TOTAL	**19,893**	**20,222**

Note 33c: Other general operating expenses

	2014	2013
Other taxes and duties	(139)	(130)
External services	(970)	(960)
Rebilled expenses	21	22
Other miscellaneous expenses	(2)	(3)
TOTAL	**(1,090)**	**(1,071)**

Note 33d: Statutory auditors' fees

	PricewaterhouseCoopers Audit				Ernst & Young et Autres			
Amounts excluding VAT	2014		2013		2014		2013	
Audit								
Statutory audit and contractual audits								
- CIC	0.56	20%	0.51	14%	0.59	23%	0.68	25%
- Fully consolidated subsidiaries	2.15	73%	2.64	76%	1.79	69%	1.70	63%
Other assignments and services directly related to the statutory audit[1]								
- CIC								
- Fully consolidated subsidiaries	0.21	7%	0.11	3%	0.13	5%	0.28	10%
Sub-total	**2.92**	**100%**	**3.26**	**93%**	**2.51**	**97%**	**2.66**	**98%**
Other services performed by the networks for fully consolidated subsidiaries								
- Legal, tax and corporate advisory services	0.00	0%	0.02	1%	0.02	1%	0.03	1%
- Other	0.01	0%	0.21	6%	0.06	2%	0.02	1%
Sub-total	**0.01**	**0%**	**0.23**	**7%**	**0.08**	**3%**	**0.05**	**2%**
TOTAL	**2.93**	**100%**	**3.49**	**100%**	**2.59**	**100%**	**2.71**	**100%**

(1) Other assignments directly related to the statutory audit comprise mainly assignments carried out at the request of the supervisory authorities, the aim of which was to ensure that the group and its procedures comply with regulatory requirements.

The above amounts correspond to the amounts recognized as charges during the fiscal year.

Note 34: Movements in depreciation, amortization and provisions for impairment of property and equipment and intangible assets

	2014	2013
Depreciation and amortization		
Property and equipment	(133)	(142)
Intangible assets	(24)	(22)
Impairment		
Property and equipment	(1)	0
Intangible assets	(1)	0
TOTAL	**(159)**	**(164)**

... Financial statements

Note 35: Net additions to/reversals from provisions for loan losses

	Additions	Reversals	Loan losses covered by provisions	Loan losses not covered by provisions	Recovery of loans written off in prior years	Total	2013
Credit institutions	0	105	(1)	0	0	104	29
Customers							
- Finance leases	(4)	6	(4)	(2)	1	(3)	(5)
- Other customer items	(598)	633	(262)	(35)	16	(246)	(346)
Sub-total	**(602)**	**744**	**(267)**	**(37)**	**17**	**(145)**	**(322)**
Held-to-maturity financial assets	0	2	0	0	0	2	(3)
Available-for-sale financial assets	(32)	15	(20)	(21)	2	(56)	(47)
Other, including financing and guarantee commitments	(41)	41	(6)	(1)	0	(7)	5
TOTAL	**(675)**	**802**	**(293)**	**(59)**	**19**	**(206)**	**(367)**

Note 36: Net gain/(loss) on disposals of other assets

	2014	2013
Property and equipment and intangible assets		
Losses on disposals	(3)	(1)
Gains on disposals	3	5
Gains/(losses) on disposals of shares in consolidated entities	0	0
TOTAL	**0**	**4**

Note 37: Corporate income tax

	2014	2013
Current taxes	(338)	(381)
Deferred tax income and expense	(25)	(51)
Adjustments in respect of prior years	5	3
TOTAL	**(358)**	**(429)**

Including a charge of €292 million in respect of companies located in France and a charge of €66 million for companies located elsewhere.

Reconciliation between the corporate income tax charge recorded in the accounts and the theoretical tax charge	2014	2013
Theoretical tax rate	**38.0%**	**38.0%**
Impact of preferential "SCR" and "SICOMI" rates	(3.9%)	(2.6%)
Impact of permanent differences	(3.0%)	1.5%
Impact of tax reassessments	(2.0%)	1.1%
Impact of different tax rates paid by foreign subsidiaries	(1.2%)	(1.0%)
Impact of reduced rate on long-term capital gains	(0.9%)	(1.0%)
Impact of tax consolidation	(0.9%)	(0.9%)
Impact of tax provisions	0.7%	0.1%
Impact of tax credits and tax deductions	(0.1%)	(0.1%)
Other	(0.8%)	0.2%
Effective tax rate	**27.7%**	**35.3%**
Taxable income[1]	1,294	1,215
TAX CHARGE	**(358)**	**(429)**

(1) Sum of pre-tax income of fully-consolidated companies.

CIC has set up a tax group with its main subsidiaries (more than 95%-owned) and the regional banks.
The entities it includes are shown with an (i) after their name in the list of consolidated companies (see note 2).

Note 38: Earnings per stock unit

	2014	2013
Net income attributable to owners of the company	1,116	845
Number of stock units at beginning of year	37,797,752	37,797,752
Number of stock units at end of year	37,797,752	37,797,752
Weighted average number of stock units	37,797,752	37,797,752
Basic earnings per stock unit (in euros)	**29.54**	**22.35**
Additional weighted average number of stock units assuming full dilution	0	0
Diluted earnings per stock unit (in euros)	**29.54**	**22.35**

CIC's capital stock amounts to €608,439,888, made up of 38,027,493 stock units with a par value of €16 each, including 229,741 treasury stock units.

Note 39: Fair value of financial instruments carried at amortized cost

The estimated fair values presented are calculated based on observable parameters at December 31, 2014 and are obtained by computing estimated discounted future cash flows using a risk-free yield curve. For asset items, the yield curve factors in a credit spread calculated for the CM11 group as a whole, which is revised on a yearly basis.
The financial instruments discussed in this note relate to loans and borrowings. They do not include non-monetary items (e.g. equities), trade accounts payable, other asset accounts, or other liability and accrual accounts. Non-financial instruments are not discussed in this section.
The fair value of financial instruments repayable on demand and regulated customer savings deposits equals the amount that may be requested by the customer, i.e. the carrying amount.
Certain group entities may also apply assumptions whereby fair value is deemed to equal the carrying amount for those contracts indexed to a floating rate, or whose residual life is one year or less.
The reader's attention is drawn to the fact that, excluding held-to-maturity financial assets, financial instruments carried at amortized cost are not sold or are not intended to be sold prior to maturity. Accordingly, capital gains and losses are not recognized. However, if financial instruments carried at amortized cost were to be sold, their sale price may differ significantly from the fair value calculated at December 31, 2014.

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2014	Fair value	Carrying amount	Unrealized gains or losses	Hierarchy level 1	Hierarchy level 2	Hierarchy level 3
Assets						
Loans and receivables due from credit institutions	34,352	34,538	(186)	518	33,668	166
Of which, debt securities – credit institutions	*1,430*	*1,420*	*10*	*518*	*746*	*166*
Of which, loans and advances – credit institutions	*32,922*	*33,118*	*(196)*	*0*	*32,922*	*0*
Loans and receivables due from customers	154,183	146,739	7,444	19	13,440	140,724
Of which, debt securities – customers	*577*	*578*	*0*	*19*	*0*	*558*
Of which, loans and advances – customers	*153,606*	*146,161*	*7,445*	*0*	*13,440*	*140,166*
Held-to-maturity financial assets	68	57	10	60	0	8
Liabilities						
Due to credit institutions	70,552	69,733	819	0	70,552	0
Due to customers	122,205	121,889	316	0	52,429	69,776
Debt securities	18,453	18,270	183	659	17,794	0
Subordinated debt	824	844	(19)	0	824	0
2013						
Assets						
Loans and receivables due from credit institutions	29,225	29,926	(701)	1,011	28,214	0
Of which, debt securities – credit institutions	*1,713*	*1,712*	*1*	*1,011*	*702*	*0*
Of which, loans and advances – credit institutions	*27,512*	*28,214*	*(702)*	*0*	*27,512*	*0*
Loans and receivables due from customers	139,990	136,767	3,223	243	6,872	132,875
Of which, debt securities – customers	*555*	*576*	*(21)*	*243*	*119*	*193*
Of which, loans and advances – customers	*139,435*	*136,191*	*3,244*	*0*	*6,753*	*132,682*
Held-to-maturity financial assets	87	75	12	61	0	26
Liabilities						
Due to credit institutions	54,665	53,995	670	0	54,665	0
Due to customers	111,967	112,847	(880)	0	44,924	67,043
Debt securities	17,010	16,824	186	672	16,338	0
Subordinated debt	2,306	2,311	(5)	37	2,269	0

Note 40: Related party transactions

	2014		2013	
	Associates (accounted for using the equity method)	Parent company	Associates (accounted for using the equity method)	Parent company
Assets				
Loans, advances and securities				
- Loans and receivables due from credit institutions[1]	0	16,222	0	17,659
- Loans and receivables due from customers	119	23	0	25
- Securities transactions	0	0	0	15
Other assets	6	45	3	49
TOTAL	**125**	**16,290**	**3**	**17,748**
Liabilities				
Deposits				
- Due to credit institutions	0	50,251	0	45,321
- Due to customers	271	74	259	54
Debt securities	529	0	551	0
Subordinated debt	0	645	0	2,114
Other liabilities	0	19	0	18
TOTAL	**800**	**50,989**	**810**	**47,507**
Financing and guarantee commitments				
Financing commitments given	0	5	0	9
Guarantee commitments given	0	38	0	80
Financing commitments received	0	5,950	0	5,950
Guarantee commitments received	0	2,632	0	2,361

(1) The €750 million perpetual subordinated loan due from BFCM was repaid in 2014.

	2014		2013	
Income statement items related to transactions with related parties	Associates (accounted for using the equity method)	Parent company	Associates (accounted for using the equity method)	Parent company
Interest income	0	357	0	198
Interest expense	(8)	(555)	(4)	(515)
Commission income	391	24	373	25
Commission expense	0	(128)	0	(133)
Other income and expenses	50	37	50	172
General operating expenses	(65)	(342)	(50)	(337)
TOTAL	**368**	**(607)**	**369**	**(590)**

The parent company is BFCM, the majority stockholder of CIC, and Caisse fédérale de Crédit Mutuel (CFCM), the entity controlling BFCM, and all their subsidiaries.
Transactions carried out with the parent company mainly cover loans and borrowings taken out for the purposes of treasury management, as BFCM is the group's refinancing vehicle, as well as IT services billed with the Euro Information entities.
Companies accounted for using the equity method comprise CM-CIC Asset Management and the Assurances du Crédit Mutuel group.

Relations with the group's key executives (see "Corporate governance" on page 52).

Total compensation paid to the group's key executives	Fixed salary	Variable salary	Benefits-in-kind	Sundry adjustments	Total 2014	Total 2013
Key executives	0.6	0.0	0.0	0.0	0.6	0.6

STATUTORY AUDITORS' REPORT

on the consolidated financial statements

Year ended December 31, 2014

To the stockholders,

In fulfillment of the assignment entrusted to us by your stockholders' general meeting, we hereby report to you, for the year ended December 31, 2014, on:

- the audit of the accompanying consolidated financial statements of CIC;
- the justification of our assessments;
- the specific verification required by law.

The consolidated financial statements have been approved by the board of directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit includes examining, on a test basis or using other sampling methods, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used, the significant estimates made in the preparation of the financial statements and the overall presentation of the financial statements. We believe that the information we have gathered is sufficient and appropriate to provide a basis for our opinion.
In our opinion, the consolidated financial statements for the year ended December 31, 2014 give a true and fair view of the assets, liabilities and financial position of the group formed by the entities included in the consolidation scope and of the results of its operations in accordance with IFRS as adopted by the European Union.

II - Justification of our assessments

In accordance with the requirements of Article L.823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

- your group uses internal models and methodologies to measure financial instruments that are not traded on active markets, as well as to recognize certain provisions, as described in notes 1 and 5d to the consolidated financial statements. We examined the control systems relating to these models and methodologies, the parameters used and the identification of the financial instruments to which they apply;
- your group carried out impairment tests on goodwill and on equity interests which resulted, where relevant, in the recognition of impairment provisions in respect of this fiscal year (notes 1 and 18 to the consolidated financial statements). We have reviewed the methods used to implement these tests, the main assumptions and parameters used and the estimates which resulted, where relevant, in the recognition of provisions to cover said impairment losses;
- your group recognizes impairment provisions to cover the credit and counterparty risks inherent in its business (notes 1, 8, 10a, 24 and 35 to the consolidated financial statements). We examined the control systems applicable to the monitoring of credit and counterparty risk, the impairment methodologies and the coverage of impairment losses by individual and collective provisions;
- your group recognizes provisions for employee benefit obligations (notes 1 and 24a to the consolidated financial statements). We examined the methodology used to assess these obligations, as well as the main assumptions and calculation methods used.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole and therefore contributed to the formation of our opinion expressed in the first section of this report.

III – Specific verification

As provided by law and in accordance with French professional standards, we also specifically verified the information given in the group's board of directors' report.
We have no matters to report as to its fair presentation and consistency with the consolidated financial statements.

Signed in Neuilly-sur-Seine and Paris-La Défense,
April 21, 2015

The Statutory Auditors

PricewaterhouseCoopers Audit	Ernst & Young et Autres
Agnès Hussherr Jacques Lévi	Olivier Durand

COMPANY FINANCIAL STATEMENTS

The statutory auditors have audited the company financial statements.

Board of directors' report on the company financial statements

The company financial statements are prepared in accordance with regulation 91-01 issued by the *Comité de la Réglementation Bancaire et Financière* (French banking and financial regulatory committee – CRBF), as amended by regulations 2000-03 and 2005-04 issued by the *Comité de la Réglementation Comptable* (French accounting regulatory committee – CRC) and by regulations 2010-04 and 2010-08 issued by the *Autorité des normes comptables* (French accounting standards authority).

Highlights of the fiscal year

None.

CIC Greater Paris region network

The Greater Paris region network was made up of 309 branches at December 31, 2014.
At that date, the number of customers totaled 729,425, including 602,318 personal banking customers.
Outstanding loans remained stable at €15.4 billion, including home loans of €10.8 billion.
Deposits rose by 8% to €18.7 billion and savings totaled €10.5 billion.

Financing and capital markets

Outstanding loans in financing totaled €17.9 billion. Deposits rose by 9% to €13.2 billion. Customer funds invested in savings products increased by 10% compared with 2013.

2014 results

Net banking income decreased from €2,071 million in 2013 to €1,126 million in 2014.
Dividends received from subsidiaries and equity interests came to €433.1 million, compared with €1,002.7 million in 2013, the majority being derived from the regional banks and subsidiaries.
Net commission income came to €311 million.
General operating expenses increased to €700 million compared with €663 million in 2013.
The average number of employees (as full-time equivalents) in 2014 was 3,421.
Operating income before provisions came to €426 million compared with €1,408 million in 2013.
Net additions to/reversals from provisions for loan losses represented a net charge of €13 million (€154 million in 2013).
The net gain on disposals of non-current assets amounted to €419 million compared with €140 million in 2013 due to the net disposals of held-to-maturity securities (€376 million in 2014 compared with €93 million in 2013).
CIC's total tax charge includes corporate income tax payable on CIC's net income and the net benefit from tax consolidation.
The company recorded net income of €831 million in 2014 compared with net income of €1,303 million in 2013.
Equity amounted to €7,370 million at December 31, 2014.
Articles L.441-6-1 and D.441-4 of the French commercial code require the disclosure of specific information on the due dates of amounts due to suppliers: the relevant amounts in respect of CIC are not material.
Details of executive compensation are provided on page 78 of the board of directors' report on the consolidated financial statements.
Information relating to CIC's stock ownership structure as at December 31, 2014 as well as changes during the year and dividends paid is provided on pages 33 to 37 of the section entitled "Presentation of CIC – capital and market for the company's stock".
The operations of CIC's subsidiaries (with the exception of Banque Pasche which now operates only in Switzerland and is in the process of being sold) are described in section 1.

Financial statements

Balance sheet

Assets

(in € millions)	Notes	Dec. 31, 2014	Dec. 31, 2013
Cash and central banks		18,260	8,884
Government securities	2	5,505	5,786
Interbank loans and advances	3	28,246	28,587
Customer transactions	4	35,198	32,851
Bonds and other fixed-income securities	5	11,307	11,616
Equities and other variable-income securities	6	895	661
Investments in subsidiaries and other long-term investments	7	84	92
Investments in associates	8	5,339	5,304
Lease financing			
Intangible assets	9	96	89
Property and equipment	10	490	505
Unpaid capital			
Treasury stock	11	9	9
Other assets	12	8,627	7,658
Accruals and other assets	13	7,380	7,250
TOTAL		**121,436**	**109,292**

Off-balance sheet items

(in € millions)	Notes	Dec. 31, 2014	Dec. 31, 2013
Commitments and guarantees received			
Financing commitments received			
Commitments received from credit institutions		2,198	2,537
Guarantees received			
Guarantees received from credit institutions		7,771	7,264
Securities commitments received			
Optional repurchase agreements *(repos)*			
Other commitments and guarantees received		65	96

Liabilities and equity

(in € millions)	Notes	Dec. 31, 2014	Dec. 31, 2013
Central banks			
Due to credit institutions	14	47,208	38,818
Customer transactions	15	32,501	30,435
Debt securities	16	16,726	14,976
Other liabilities	12	5,392	4,115
Accruals and other liabilities	13	9,828	10,284
Provisions	17	1,269	1,248
Subordinated debt	18	763	2,230
General banking risks reserve	19	379	379
Equity	19	7,370	6,807
- Capital stock		*608*	*608*
- Additional paid-in capital		*1,088*	*1,088*
- Reserves		*667*	*668*
- Revaluation reserve		*44*	*44*
- Untaxed provisions		*44*	*47*
- Retained earnings		*4,088*	*3,049*
- Net income for the year		*831*	*1,303*
TOTAL		**121,436**	**109,292**

Off-balance sheet items

(in € millions)	Notes	Dec. 31, 2014	Dec. 31, 2013
Commitments and guarantees given			
Financing commitments given			
Commitments given to credit institutions		664	909
Commitments given to customers		13,690	12,734
Guarantees given	**22**		
Guarantees given on behalf of credit institutions		5,264	5,889
Guarantees given on behalf of customers		7,986	8,170
Securities commitments given			
Optional resale agreements			
Other commitments and guarantees given		114	166

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Income statement

(in € millions)	Notes	2014	2013
Interest income	27	3,765	1,969
Interest expense	27	(3,606)	(1,591)
Income from variable-income securities	28	433	1,003
Commission income	29	420	422
Commission expense	29	(109)	(105)
Net gains on trading account securities	30	266	350
Net gains/(losses) on available-for-sale securities	31	18	85
Other banking income	32	20	28
Other banking expense	32	(81)	(89)
Net income from other activities	32	0	(1)
Net banking income		**1,126**	**2,071**
Payroll costs	33	(390)	(359)
Other general operating expenses		(276)	(267)
Depreciation, amortization and impairment		(34)	(37)
General operating expenses		**(700)**	**(663)**
Operating income before provisions		**426**	**1,408**
Net additions to/reversals from provisions for loan losses	34	(13)	(154)
Operating income after provisions		**413**	**1,254**
Net gains on disposals of non-current assets	35	419	140
Income/(loss) before non-recurring items		**832**	**1,394**
Net non-recurring items	36	0	
Corporate income tax	37	(5)	(89)
Net allocations to general banking risks reserve			
Net allocations to untaxed provisions		4	(2)
NET INCOME (LOSS)		**831**	**1,303**

Five-year financial summary

Caption	2010	2011	2012	2013	2014
1. At December 31					
Capital stock (in €)	608,439,888	608,439,888	608,439,888	608,439,888	608,439,888
Number of stock units in issue	38,027,493	38,027,493	38,027,493	38,027,493	38,027,493
"A" series common stock	38,027,493	38,027,493	38,027,493	38,027,493	38,027,493
"D" series preferred stock	-	-	-	-	-
Preferred investment certificates	-	-	-	-	-
Ordinary investment certificates	-	-	-	-	-
2. Results of operations (in € thousands)					
Banking income	4,632,388	3,781,357	5,258,845	3,856,684	4,921,949
Net income before tax, depreciation and amortization	781,283	739,597	856,601	1,577,900	703,611
Provisions and non-recurring items	-	-	-	-	-
Corporate income tax	29,159	(84,789)	(73,461)	88,473	4,845
Net income/(loss)	537,729	275,129	708,010	1,303,166	830,721
Dividends	334,642	247,179	285,206	266,192	266,192
3. Earnings per common stock unit (in €)					
Income after tax but before depreciation, amortization and provisions	19.53	21.50	24.21	39.03	18.11
Net income/(loss)	14.23	7.28	18.73	34.48	21.98
Dividend per "A" series stock unit	8.8	6.50	7.50	7.00	8.00
Dividend per "D" series stock unit and investment certificates					
4. Employee information (excluding foreign branches) (in €)					
Number of employees (average full-time equivalents)	3,498	3,533	3,525	3,433	3,760
Total payroll	175,790,924	176,031,659	181,790,351	179,256,183	184,922,801
Total benefits (social security, etc.)	65,945,942	87,488,486	97,508,373	88,460,236	96,332,506

... Financial statements

Notes

Note 1 – Accounting policies, valuation and presentation methods

The company financial statements are prepared in accordance with regulation 91-01 issued by the *Comité de la Réglementation Bancaire* (French banking regulatory committee – CRB), as amended by regulations 2000-03 and 2005-04 issued by the *Comité de la Réglementation Comptable* (French accounting regulatory committee – CRC) and by regulations 2010-04 and 2010-08 issued by the *Autorité des normes comptables* (French accounting standards authority – ANC).
Crédit Industriel et Commercial is fully consolidated into the consolidated financial statements of the CIC group, the CM11 group and the Crédit Mutuel group.

Use of estimates in the preparation of the financial statements

Preparation of the financial statements may require the use of assumptions and estimates that are reflected in the measurement of income and expense in the income statement and of assets and liabilities in the balance sheet, and in the disclosure of information in the notes to the financial statements. This requires managers to draw upon their judgment and experience and make use of the information available at the date of the preparation of the financial statements when making the necessary estimates. This applies in particular to:

- the impairment of debt and equity instruments;
- impairment tests performed on intangible assets;
- the measurement of provisions, including retirement obligations and other employee benefits;
- the valuation of financial instruments not quoted on an organized market.

Reclassification of financial assets

With a view to standardizing accounting treatments and ensuring consistency with International Financial Reporting Standards, the CRC issued regulation 2008-17 on December 10, 2008, which amends CRB regulation 90-01 on accounting for securities transactions. This regulation consolidates the provisions of opinion 2008-19 of December 8, 2008 relating to transfers from trading securities and from available-for-sale securities.
Transfers from trading securities to held-to-maturity securities and from available-for-sale securities are now permitted in two instances:

a) when exceptional market conditions require a change of strategy;
b) when, subsequent to their acquisition, fixed income securities are no longer negotiable in an active market and if the bank has the intention and ability to hold these securities over the foreseeable future or until their maturity.

The effective date of transfers from trading securities and from available-for-sale securities may not be before July 1, 2008 and must correspond to the date at which consolidated financial statements are prepared.

Recognition of changes in accounting methods

Changes in accounting methods are applied retrospectively, that is to say as if the new methods had always been applied. The impact resulting from the first-time application of a change in accounting method is recognized directly to equity at January 1, resulting in the restatement of the opening balance sheet.

Loans

Loans are stated at their nominal value in the balance sheet. Commissions received on the granting of a loan and those paid to referral agents are recognized in the income statement over time in accordance with a method which involves treating them as if they were interest. This actuarial amortization is recognized in the income statement within net interest income/(expense). In the balance sheet, commissions received and the incremental transaction costs which are amortized are included within the balance of the loan concerned.
Accrued interest receivable and payable are included within the balance sheet asset or liability heading to which they relate.
With regard to credit risk, a distinction is drawn between performing loans, non-performing loans and impaired non-performing loans for accounting purposes.

Reclassification of loans as non-performing or impaired non-performing loans

As required by CRC regulation CRC 2002-03, loans are reclassified as non-performing loans when exposed to a proven risk, namely if one or more installments are more than three months past due (six months in the case of real estate loans and nine months for local authority loans), if it is probable the borrower will be unable to repay the full amount due, when an event of default has occurred, or where the borrower is subject to court-ordered liquidation.

In addition to the regulatory definition, loans may be reclassified as non-performing loans when there is a risk of loss highlighted notably by financial, economic and/or legal analyses of the customer's situation or by any other information indicating the customer is exposed to a risk of insolvency.

When a loan meets the criteria for reclassification, all amounts due by the customer (or by the group to which the customer belongs) as well as amounts due by other joint account holders or by co-borrowers are considered in the same light, by all federations and all banks of the Crédit Mutuel group.

Loans are reclassified as impaired non-performing loans if the prospects of collecting these loans have deteriorated sharply or if the write off of the loan must be envisaged. Impaired non-performing loans are classified as a distinct component of non-performing loans. Past due interest ceases to be recognized in respect of impaired non-performing loans.

Recognition of impairment losses

Impairment is recognized when there is objective evidence of impairment as a result of an event occurring after inception of a loan or group of loans, which may lead to a loss. Loans are tested for impairment on an individual basis at each balance sheet date. The amount of impairment is equal to the difference between the carrying amount and the present value of the estimated future cash flows associated with the loan, discounted at the original effective interest rate.

For variable-rate loans, the last known contractual interest rate is used.

Impairment losses in respect of the principal are recognized by way of a provision, additions and reversals being reported as a component of provisions for loan losses except for the effect of changes in the time value linked to the discounting mechanism, which is treated as interest income, and therefore as a component of net banking income. Impairment losses in respect of the interest on non-performing loans are recognized under interest received.

The impairment provision is deducted from the asset concerned when it relates to loans and reported under liabilities as a component of provisions for contingencies when it concerns financing and guarantee commitments.

Restructured loans

When non-performing loans are restructured at off-market conditions and reclassified as performing loans, a discount is recognized immediately as an expense and reversed over the term of the loan as a component of the interest margin.

Loan segmentation

In the notes to the financial statements, loans have been segmented by geographical area based on the location of the permanent CIC establishment.

Securities portfolio

Securities are accounted for in accordance with CRB regulation 90-01 as amended by CRB regulation 95-04, with CRC regulations 2000-02 and 2005-01, and with CB instruction 94-07 as amended by CB instruction 2000-12.

As required by these regulations and instructions, government securities, bonds and other fixed-income securities (interbank securities, negotiable debt instruments and marketable securities) are classified as trading securities, available-for-sale securities or held-to-maturity securities. Equities and other variable-income securities are classified as trading securities, available-for-sale securities, portfolio activity securities, investments in subsidiaries, investments in associates and other long-term investments.

Trading securities

Trading securities are securities purchased or sold for the purpose of being sold or repurchased in the near term or which are held by the bank because of its market-making activity. They are recognized at acquisition cost, excluding related costs but including any accrued interest. At each balance sheet date, trading securities are measured at their most recent mark-to-market value. Net unrealized gains or losses arising from fluctuations in market value are recognized in the income statement.

Available-for-sale securities

Available-for-sale securities are securities that have not been classified as trading securities, as held-to-maturity securities, as portfolio activity securities, as investments in subsidiaries, investments in associates or other long-term investments. They are recognized at acquisition cost, excluding related costs. Any discounts or premiums are spread over their residual life. At each balance sheet date, each holding is valued separately. Bonds are grouped together by homogeneous group. When the carrying amount exceeds the estimated realizable value, an impairment loss is recognized representing the unrealized loss. This is determined for each relevant holding or homogeneous group. Unrealized gains are not recorded and unrealized gains and unrealized losses are not offset. For equities quoted in Paris, the net realizable value corresponds to the average stock price during the month preceding the valuation date. For equities quoted on a foreign market and for bonds, realizable value corresponds to the most recent market value preceding the valuation date.

Held-to-maturity securities

Held-to-maturity securities are securities which the bank has the positive intent to hold to maturity. They are recognized at acquisition cost, excluding related costs. The difference between cost and redemption value is spread over the remaining life of the security. These securities are hedged with regard to the principal or interest rate exposure.

An impairment loss is recognized if a deterioration in the financial situation of the issuer means that the securities might not be redeemed at maturity.

Portfolio activity securities
Portfolio activity securities represent investments made on a regular basis with the sole objective of generating a gain over the medium term without intervening for any length of time in the business or participating actively in its day-to-day management. These investments are made via special purpose vehicles, on a significant and permanent basis, the return on investment being generated mainly from the gains on disposal. These securities are recognized at their cost of acquisition. At the balance sheet date, the value of each holding is determined separately. When the carrying amount exceeds the value in use, an impairment loss is recognized for the amount of the unrealized loss. Unrealized gains are not recognized. The value in use takes into account the issuer's general prospects and the expected period of ownership. For quoted securities, the average stock price over a sufficiently long period may be used.

Other long-term investments, investments in subsidiaries and investments in associates
Other long-term investments are made with the intention of promoting lasting business relationships with the issuer, without however influencing the issuer's management. Investments in subsidiaries are those which management judges to be useful to the group's activities over the long term, in that they enable the group to exercise influence over or to control the issuer.
They are recognized at acquisition, merger or similar cost, and may be revalued within the legal framework defined in 1976. Each investment is reassessed at the year end. If the carrying amount is more than the value in use, an impairment provision is recognized for the unrealized capital loss. Unrealized capital gains are not recognized. The value in use represents the amount the company would be willing to pay to obtain the securities in question given the objectives of the investment, and may be estimated using various criteria such as adjusted net assets, actual and prospective profitability, and recent stock market prices.

Securities sold under delivered repurchase agreements *(repos)*
On the balance sheet, securities sold under delivered repurchase agreements *(repos)* are not de-recognized as an asset whereas the liability to the transferee is recognized as such. The principles for their measurement and the recognition of income from these securities remain those of the asset category in which they are classified.

Reclassification criteria and rules
If the holding intention or ability to hold securities changes, they may be reclassified provided they satisfy the eligibility conditions and transfer rules. In the event of transfer, the securities are remeasured based on their original classification on the transfer date.

Transactions in interest-rate and currency option, futures and forward contracts

The group trades on its own account in interest-rate and currency option, futures and forward contracts on various organized and over-the-counter markets as part of its risk management strategy covering interest-rate and currency positions resulting from its assets and liabilities.

Transactions on organized and similar markets
Option, futures and forward contracts on organized and similar markets are measured in accordance with the rules determined by the French banking regulatory committee. Contracts are remeasured at the year-end based on listed prices on the applicable markets.
Any resulting gain or loss is recognized through the income statement.

Transactions on over-the-counter markets
French banking regulatory committee regulation no. 90-15 is applied to all over-the-counter interest-rate instruments, which comprise in particular interest-rate and/or currency swaps, future rate agreements, and options such as caps and floors.
Pursuant to the above-mentioned regulation, transactions are allocated on origination to the portfolios concerned (open positions, micro-hedges, overall balance sheet and off-balance sheet management, specialized management).
Transactions allocated to open-position portfolios are measured at the lower of acquisition cost or market value.
Income and expenses in respect of transactions allocated to micro-hedge portfolios are recognized in the income statement symmetrically to the income and expenses in respect of the hedged item.
Income and expenses in respect of transactions allocated to overall interest-rate risk management portfolios are recognized in the income statement pro rata temporis.
Transactions allocated to specialized management portfolios are measured at market value. Changes in value are recognized in net banking income after adjustments to reflect counterparty risk and future management expenses.
Balances remaining after netting hedging derivatives are amortized over the residual term of the hedged items.

Structured products
Structured products are products created by bundling basic instruments – generally options – to exactly meet customers' needs. CIC offers various categories of structured products based on plain vanilla options, binary options, barrier options, Asian options, lookback options, options on several assets and index swaps.
There are three main methods of valuing these products: methods consisting of solving a partial differential equation, discrete time tree methods and Monte Carlo methods. CIC uses the first and third methods. The analytical methods used are those applied by the market to model the underlyings.
Structured products are recognized at market value. The valuation parameters applied correspond to observed values or values determined using a standard observed values model at the balance sheet date. If the instruments are not traded on an organized market, the valuation parameters are determined by reference to the values quoted by the most active dealers in the corresponding products and/or by extrapolating quoted values. All parameters used are based on historical data.

If complex models are used to determine the value of certain instruments, the market parameters used for measurement purposes are adjusted in application of the prudence concept to take into account the degree of liquidity of the markets concerned and their relevance as regards long maturities.

Measurement of unlisted forward financial instruments

These instruments are remeasured based on observable market prices using the so-called "snapshot" procedure under which bid and offer prices from a number of market players are recorded at the same time each day using market flow software. A single price is used for each market parameter concerned.

Property and equipment and intangible assets

Property and equipment and intangible assets are recognized at acquisition cost plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and may be revalued in accordance with the French Finance Acts of 1977 and 1978.

Subsequent to initial recognition, property and equipment and intangible assets are measured at amortized historical cost, which represents cost less accumulated depreciation, amortization and any accumulated impairment losses.

The depreciable amount of an asset is determined after deduction of its residual value net of costs to sell. Property and equipment and intangible assets are presumed not to have a residual value as their useful lives are generally the same as their economic lives.

Depreciation and amortization is calculated on a straight-line basis over the estimated useful life of the assets, based on the manner in which the economic benefits embodied in the assets are expected to be consumed by the entity. Assets that have an indefinite useful life are not amortized. Depreciation and amortization on property and equipment and intangible assets is recognized in "Depreciation, amortization and impairment" in the income statement.

Where an asset consists of a number of components that may require replacement at regular intervals, or that have different uses or different patterns of consumption of economic benefits, each component is recognized separately and depreciated using a method appropriate to that component. CIC has adopted the components approach for property used in operations and investment property.

These items are depreciated over the following useful lives:

- 40-80 years for the shell;
- 15-30 years for structural components;
- 10-25 years for equipment;
- 10 years for fixtures and fittings.

Leasehold rights paid are not amortized but are tested for impairment. New occupancy fees paid to the owner are amortized over the life of the lease as additional rent. Other intangible items (e.g., acquired customer contract portfolios) are amortized over a period of ten years.

Depreciable and amortizable assets are tested for impairment when evidence exists at the balance sheet date that the items may be impaired. Non-depreciable and non-amortizable assets are tested for impairment at least annually.

If there is an indication of impairment, the recoverable amount of the asset is compared with its carrying amount. If the asset is found to be impaired, an impairment loss is recognized in income, and the depreciable amount is adjusted prospectively. The impairment loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer an indication of impairment. Impairment is recognized in the income statement under "Depreciation, amortization and impairment".

Gains and losses on disposals of non-current assets used in operations are shown in the income statement under "Net gains on disposals of non-current assets".

Gains and losses on disposals of investment property are shown in the income statement under "Income from other activities" or "Expense on other activities".

Accrual accounts

For loans originated prior to December 31, 1999, issuance expenses were amortized in the year of issuance. In the case of issues subsequent to that date, issuance expenses are amortized over the term of the loan.

Bond redemption premiums are amortized on a straight-line basis over the term of the loan.

Provisions

Additions to and reversals from provisions are recognized by type in the corresponding expense accounts.

Pursuant to CRC regulation 2000-06, provisions correspond to the best estimate of the outflow of resources required to extinguish the most probable amount of the corresponding obligation.

Provisions for country risk

Provisions are established to cover sovereign and emerging country risk, based on the economic position of the borrowing country. The allocated portion of such provisions is deducted from the corresponding asset.

General provisions for credit risk

Since fiscal year 2000, general provisions for credit risk have been constituted to cover risks arising but not yet recognized on performing loans and commitments given to customers. They are determined:

- for credit activities other than specialized financing, using an average provision for loan losses that may be experienced over the long term, i.e. 0.5% of performing customer outstandings;
- for specialized financing and for foreign branches, using a provision for loan losses obtained on the basis of the rating of receivables combined with an average loss given default. This method enables the lower level of risk dispersion and the relatively high materiality of individual loans – and hence the greater volatility of such loans – to be taken into account.

General provisions for credit risks are reversed if the events they are intended to cover materialize.

A general provision for major risks to which the group is exposed has been included in this category since 2003.

Regulated savings

Home savings accounts *(comptes d'épargne logement* – "CEL") and home savings plans *(plans d'épargne logement* – "PEL") are government-regulated retail products sold in France. Account holders receive interest on amounts paid into these accounts over a certain period (initial savings phase), at the end of which they are entitled to a mortgage loan (secondary borrowing phase). Home savings products generate two types of obligation for the bank:

- an obligation to pay interest on paid-in amounts at a fixed rate (in the case of PEL accounts only, as interest on CEL accounts is regularly revised on the basis of an indexation formula and is therefore treated as a variable rate);
- an obligation to grant loans to customers at their request, at a rate set on inception of the contract (both PEL and CEL products).

When these obligations are potentially unfavorable to the bank, they are subject to provisions calculated in accordance with CRC regulation 2007-01 that cover obligations existing on the provision calculation date; future account openings are not taken into account.

Future outstandings on home savings products are estimated on the basis of customer behavior statistics in a given interest-rate environment. PEL that are subscribed in the context of an overall offering of related products and do not meet the abovementioned behavioral laws are excluded from the projections. Provisions are constituted for at-risk outstandings as follows:

- for PEL deposits, based on the difference between probable savings balances and the minimum expected savings. The latter are determined using a 99.5% confidence interval for several thousand different interest rate scenarios;
- for loans granted in connection with home savings products, future volumes depend on the likely exercise of vested rights and on the level of current outstandings.

Future losses are assessed in relation to non-regulated rates for term savings deposits and for standard home purchase loans. This approach is managed based on generations of regulated PEL and CEL savings products with similar characteristics, with no set-off between generations. Future losses are discounted using rates derived from the average of the last 12 months' data for the zero coupon swap against 3-month Euribor rate curve. Future loss provisions are based on the average loss observed in several thousand interest-rate scenarios generated using a stochastic modeling technique. The impacts on income are included in interest paid to customers.

Assets and liabilities denominated in a foreign currency

Assets and liabilities denominated in a currency other than the local currency are translated at the official year-end exchange rate. The resulting unrealized foreign currency gains and losses are recognized in the income statement along with realized exchange gains or losses on transactions during the year.

As an exception, pursuant to CRB regulation 90-01 and instruction 94-07 of the French banking commission, translation differences on held-to-maturity securities, available-for-sale securities and investments in non-consolidated companies and subsidiaries denominated in a foreign currency and financed in euros are not recognized in the income statement. However, if the securities are to be sold or redeemed, a provision is recognized for the amount of any unrealized foreign currency loss.

General banking risks reserve

In application of article 3 of CRB regulation 90-02, a general banking risks reserve has been set up for prudential reasons to cover the general and indeterminate risks inherent in any banking activity. Additions to and reversals from this reserve are determined by senior management and are recognized in the income statement.

Interest, fees and commissions

Interest is recognized pro rata temporis in the income statement. Fees and commissions are recognized when received, other than those on financial transactions which are recognized on closure of the issue concerned or when billed.

Interest is not recognized as income on impaired non-performing loans.

Fees and commissions comprise income from banking operations remunerating services provided to third parties, other than income in the nature of interest, i.e. calculated as a function of the term and amount of the credit or commitment given.

Retirement and similar obligations

Retirement and similar obligations are provisioned and changes in the obligations are recognized in the income statement for the year. The assumptions used in calculating retirement and similar obligations include a discount rate determined by reference to long-term market rates applicable to highly-rated corporate bond issues at the balance sheet date. The rate of increase in salaries is assessed on the basis of an estimate of long-term inflation and of increases in actual salaries.

ANC recommendation 2013-02 relating to the recognition and measurement rules for retirement and other employee benefits has been applied since January 1, 2013.

Post-employment benefits covered by defined benefit plans

Obligations are calculated using the projected unit credit method and a range of assumptions to determine the discounted amount of the obligation and the cost of service for the fiscal year. The effect of changes in these assumptions and experience adjustments (differences between the previous actuarial assumptions and actual outcomes) give rise to actuarial gains and losses.

Plan assets are measured at fair value and the expected return on these assets is recognized in the income statement. The difference between the expected return on plan assets and the actual return gives rise to an actuarial gain or loss.

Plan reductions and liquidations give rise to a change in the obligations, which is recognized in the income statement for the year.

Supplementary pensions covered by pension funds

Under the terms of the AFB transitional agreement dated September 13, 1993, the banking industry pension schemes were discontinued and bank employees joined the government-sponsored Arrco and Agirc schemes effective from January 1, 1994. The three CIC group pension funds that pay the various benefits provided for by the transitional agreement were merged on January 1, 2008 in order to pool their reserves. Subsequent to the merger, the merged entity's reserves covered all the obligations, which had been fully reassessed during the year. To bring the merged entity into compliance with the Fillon Act of August 23, 2003 and the Social Security Financing Act 2008-1330 of December 17, 2008, in 2009 it was converted into a French supplementary pension management institution *(Institution de Gestion de Retraite Supplémentaire)* and its reserves and obligations were transferred to an insurance company.

Other post-employment benefits covered by defined benefit plans

Obligations in respect of future retirement bonuses and supplementary pensions (including special retirement regimes) are either covered by insurance policies or are provisioned for the portion not covered by such policies.
Premiums for future retirement bonuses paid annually take into account rights vested at December 31 of each year, weighted by coefficients for staff turnover and life expectancy.
The commitments are calculated using the projected unit credit method in accordance with IFRS. This method specifically takes into account life expectancy, staff turnover rates, wage increases, the rate of social security charges in stipulated cases and the discount rate.
Retirement bonuses falling due and paid to employees during the year are reimbursed by the insurer to the extent of the portion covered by the policy.
Retirement bonuses are determined based on the contractual provisions relating to normal retirement at the employee's initiative, when he has reached the age of 62.

Post-employment benefits covered by defined contribution plans

A collective agreement was concluded in 1994 to create a supplementary collective capitalization retirement plan for group employees, particularly those from the former CIC Paris. This plan was extended to employees of the former Union Européenne CIC when the two institutions were merged in 1999.

Other long-term benefits

Employees receive a long-service award after 20, 30, 35 and 40 years of service. This obligation is fully provisioned in the company's accounts and is measured using the principles applied to the measurement of retirement bonuses.

Tax credit for competitiveness and employment *(Crédit d'impôt pour la compétitivité et l'emploi – CICE)*

The tax credit for competitiveness and employment is accounted for in accordance with the ANC's information memorandum of February 28, 2013.
The amount of the CICE, which is non-taxable, is credited to a sub-account within payroll costs.

Presence in countries or territories that do not cooperate in efforts to combat fraud and tax evasion

The bank has no direct or indirect presence in any country or territory covered by Article L.511-45 of the French Monetary and Financial Code and included in the list drawn up in the order of February 12, 2010.

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Information concerning amounts in the balance sheet, off-balance sheet and in the income statement

Note 2: Government securities

	Dec. 31, 2014				Dec. 31, 2013			
	Trading	Available-for-sale	Held-to-maturity	Total	Trading	Available-for-sale	Held-to-maturity	Total
Securities held	2,668	1,194	1,600	5,462	1,664	745	3,322	5,731
Securities loaned								
Cumulative translation adjustment								
Accrued interest		14	29	43		13	42	55
Securities for which impairment provision recognized								
Gross amount	**2,668**	**1,206**	**1,629**	**5,505**	**1,664**	**758**	**3,364**	**5,786**
Impairment								
Net amount	**2,668**	**1,206**	**1,629**	**5,505**	**1,664**	**758**	**3,364**	**5,786**
Unrealized capital gains		244		244		72		72

The positive or (negative) differences between the redemption price and the purchase price for available-for-sale and held-to-maturity securities are respectively €30 million and €(148) million.

Note 3: Interbank loans and advances

	Dec. 31, 2014		Dec. 31, 2013	
	On demand	At maturity	On demand	At maturity
Current accounts	2,537		4,839	
Loans, amounts received under repurchase agreements *(repos)*	10,347	5,316	7,434	6,983
Securities received under repurchase agreements *(repos)*		10,022		9,293
Accrued interest		24		34
Non-performing loans and advances		2		7
Impairment provisions		(2)		(3)
TOTAL	**12,884**	**15,362**	**12,273**	**16,314**
TOTAL INTERBANK LOANS AND ADVANCES		**28,246**		**28,587**
Including non-voting loan stock		*40*		*40*
Including subordinated loans		*278*		*1,027*

Non-performing loans and advances do not include impaired non-performing assets.
Performing loans do not include restructured loans.

Note 3b: Interbank loans and advances by geographic area

	France	USA	United Kingdom	Singapore	Total
Total gross outstandings at Dec. 31, 2014[1]	27,506	2	84	633	28,225
Including non-performing loans					
Including impaired non-performing loans	*2*				*2*
Impairment provisions					
At Dec. 31, 2013	(3)				(3)
Additions					
Reversals	1				1
Cumulative translation adjustment					
At Dec. 31, 2014	(2)				(2)

(1) Excludes accrued interest.

Note 4: Customer loans and receivables

	Dec. 31, 2014	Dec. 31, 2013
Commercial loans	170	184
Accrued interest	0	0
Other loans and receivables		
- Loans and advances	26,418	25,299
- Securities received under resale agreements	7,012	5,521
- Accrued interest	79	77
Current accounts in debit	1,103	1,417
Accrued interest		
Non-performing loans	774	730
Impairment provisions	(358)	(377)
TOTAL	**35,198**	**32,851**
Including receivables eligible with the European Central Bank	*2,835*	*2,242*
Including non-voting loan stock		
Including subordinated loans	*22*	*14*

Non-performing loans include €449 million of impaired loans, for which an impairment provision of €284 million has been recognized. Customer loans and receivables include €347 million of restructured loans including €163 million on non-performing outstandings.

Note 4b: Customer loans and receivables by geographic area

	France	USA	United Kingdom	Singapore	Total
Total gross outstandings at Dec. 31, 2014[1]	29,660	2,000	1,302	2,515	35,477
Including non-performing loans	*298*	*27*			*325*
Including impaired non-performing loans	*426*		*23*		*449*
Impairment provisions					
At Dec. 31, 2013	(343)	(11)	(19)	(4)	(377)
Additions	(136)	(5)			(141)
Reversals	139	10	13	4	166
Cumulative translation and other adjustments		(2)	(4)		(6)
At Dec. 31, 2014	(340)	(8)	(10)	0	(358)

(1 Excludes accrued interest.

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Note 4c: Impairment provisions on non-performing loans and receivables

	Dec. 31, 2013	Additions	Reversals	Other movements	Dec. 31, 2014
Assets					
On interbank loans and advances	2			0	2
On customer loans and receivables	377	141	(166)	6	358
On finance leases and operating leases					
On bonds and other fixed-income securities	224	27	(129)	11	133
On other assets	1				1
TOTAL	**604**	**168**	**(295)**	**17**	**494**

Non-performing customer loans and receivables totaled €774 million compared with €730 million at December 31, 2013. They are covered by asset impairment provisions totaling €358 million, representing a coverage ratio of 46% compared with 51.6% one year earlier.
Impairment and other provisions for credit risk represent 1.09% of gross customer outstandings, compared with 2.03% in 2013.
Non-performing loans and receivables are covered by impairment provisions, with the exception of country risk provisions and general provisions for credit risk, which are based on performing loans and receivables.

Note 5: Bonds and other fixed-income securities

	Dec. 31, 2014				Dec. 31, 2013			
	Trading	Available-for-sale	Held-to-maturity	Total	Trading	Available-for-sale	Held-to-maturity	Total
Securities held – quoted	6,672	3,217	490	10,379	8,625	1,473	621	10,719
Securities held – not quoted		339	42	381		223	167	390
Securities loaned								
Accrued interest	4	9	3	16	5	4	4	13
Non-performing loans[1] and other fixed-income securities[1]		167	522	689		146	584	730
Gross amount	**6,676**	**3,732**	**1,057**	**11,465**	**8,630**	**1,846**	**1,376**	**11,852**
Impairment provisions		(26)		(26)		(12)		(12)
Other provisions		(32)	(100)	(132)		(20)	(204)	(224)
Net amount	**6,676**	**3,674**	**957**	**11,307**	**8,630**	**1,814**	**1,172**	**11,616**
Unrealized capital gains		*10*		*10*		*18*		*18*
Including subordinated bonds		*42*		*42*		*35*	*116*	*151*
Including securities issued by public institutions				*451*				*242*

(1) Non-performing loans comprise €129 million of impaired non-performing loans against which a provision of €4 million has been raised.

The positive or (negative) differences between the redemption price and the purchase price for available-for-sale and held-to-maturity securities are respectively €(47) million and €(9) million.
The reduction in held-to-maturity securities between 2013 and 2014 corresponds to redemptions made in 2014 as well as sales of securities generating net income of €376 million.
Trading and available-for-sale securities have been marked to market based on external data obtained from organized markets or, for over-the-counter markets, using key broker prices. If prices are not available, they have been measured based on comparable securities quoted on the market.

Note 5b: Bonds and other fixed-income securities – Monitoring of transfers made between categories in 2008 pursuant to CRC regulation 2008-17 amending CRB regulation 90-01

Due to the exceptional situation brought on by the deterioration in global financial markets, CIC transferred securities from the trading and available-for-sale categories. These reclassifications were carried out on the basis of valuations dated July 1, 2008.

Reclassified assets:	Carrying amount on the day of the transfer	Carrying amount in the closing balance sheet	Value at closing date if transfers had not occurred	Unrealized capital gain/ (loss)
From trading securities to held-to-maturity securities	18,443	2,049	2,966	917
From trading securities to available-for-sale securities	349	5	5	
From available-for-sale securities to held-to-maturity securities	421	109	116	7
TOTAL	**19,213**	**2,163**	**3,087**	**924**

Note 6: Equities and other variable-income securities

	Dec. 31, 2014				Dec. 31, 2013			
	Trading	Available-for-sale	Portfolio activity	Total	Trading	Available-for-sale	Portfolio activity	Total
Securities held – quoted	732	21		753	533			533
Securities held – not quoted		148		148		135		135
Securities loaned								
Accrued interest								
Gross amount	**732**	**169**		**901**	**533**	**135**		**668**
Impairment provisions		(6)		(6)		(7)		(7)
TOTAL	**732**	**163**		**895**	**533**	**128**		**661**
Unrealized capital gains		50		50		34		34

There were no transfers between portfolios during 2014.

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Note 7: Investments in subsidiaries and other long-term investments

	Dec. 31, 2013	Acquisitions Additions	Disposals Reversals	Transfers	Other movements	Dec. 31, 2014
Other long-term investments						
- Quoted						
- Not quoted	84					84
Investments in subsidiaries						
- Quoted	13		(13)			0
- Not quoted	5		(3)		0	2
Sub-total	**102**		**(16)**		**0**	**86**
Cumulative translation adjustment						
Securities loaned						
Accrued interest						
Calls for funds and current account advances to non-trading real estate companies (SCI)						
Gross amount	**102**		**(16)**		**0**	**86**
Impairment provisions						
- Quoted securities	(6)		6			0
- Non-quoted securities	(4)	(1)	3			(2)
Sub-total	**(10)**	**(1)**	**9**			**(2)**
Net amount	**92**	**(1)**	**(7)**		**0**	**84**

Note 8: Investments in associates

	Dec. 31, 2013	Acquisitions Additions	Disposals Reversals	Transfers	Other movements	Dec. 31, 2014
Gross amount	5,364	25	(7)		5	5,388
Cumulative translation adjustment						
Securities loaned						
Accrued interest						
Calls for funds and current account advances to non-trading real estate companies (SCI)						
Impairment provisions	(60)	0	11		0	(49)
Net amount	**5,304**	**25**	**4**		**5**	**5,339**
Gross carrying amount for investments in non-quoted credit institutions	3,020					3,051
Gross carrying amount for investments in quoted associates						
Gross carrying amount for investments in non-quoted associates	5,364					5,388

Transactions with associates

	Dec. 31, 2014 Associates		Dec. 31, 2013 Associates	
	Total	Of which, subordinated	Total	Of which, subordinated
Assets				
Interbank loans and advances	16,477	277	17,626	1,027
Customer loans and receivables	246		388	
Other miscellaneous receivables	34		13	
Bonds and other fixed-income securities			173	116
Swaps	2,715		2,090	
Liabilities				
Due to credit institutions	27,448	639	17,578	
Due to customers	1,345		854	
Other liabilities	73		25	
Swaps	346		61	
Debt securities	538		2,669	2,108
Off-balance sheet				
Commitments given				
Credit institutions[1]	4,135		5,176	
Customers	1,487		1,501	
Commitments received				
Credit institutions	3,331		3,058	

(1) Commitments given to associates concern, in particular, guarantees given to the regional banks on their certificates of deposit and medium term note issues.

Transactions with other related entities are not significant.

Related party transactions
All related party transactions were carried out on normal market terms, i.e. those that are normally used for transactions with third parties, such that the beneficiary of the agreement does not enjoy more advantageous terms than those granted to a third party of the company, given the terms normally adopted by companies in the same sector.

Note 9: Intangible assets

	Dec. 31, 2013	Acquisitions Additions	Disposals Reversals	Other movements	Dec. 31, 2014
Gross amount					
Goodwill	94				94
Set up costs	1				1
Research and development					
Other intangible assets	58	9			67
Gross amount	**153**	**9**			**162**
Amortization					
Goodwill	(54)				(54)
Set up costs	(1)				(1)
Research and development					
Other intangible assets	(9)	(1)			(10)
Total amortization	**(64)**	**(1)**			**(66)**
Net amount	**89**	**8**			**96**

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Note 10: Property and equipment

	Dec. 31, 2013	Acquisitions Additions	Disposals Reversals	Other movements	Dec. 31, 2014
Gross amount					
Land used in operations	196				196
Land not used in operations	0				0
Buildings used in operations	704	15			719
Buildings not used in operations	2				2
Other property and equipment	137	3	(10)		130
Total gross amount	**1,039**	**18**	**(10)**		**1,048**
Depreciation					
Land used in operations					
Land not used in operations					
Buildings used in operations	(418)	(27)		0	(445)
Buildings not used in operations	0	0		0	0
Other property and equipment	(116)	(4)	10	(2)	(112)
Total depreciation	**(534)**	**(31)**	**10**	**(2)**	**(557)**
Net amount	**505**				**490**

Note 11: Treasury stock

	Dec. 31, 2014	Dec. 31, 2013
Number of stock units held	229,741	229,741
Proportion of capital stock	0.60%	0.60%
Carrying amount	9	9
Market value	36	34

CIC's treasury stock holding is derived from the CIC Banque CIAL partial asset contribution carried out in 2006.

Note 12: Other assets and liabilities

	Dec. 31, 2014		Dec. 31, 2013	
	Assets	Liabilities	Assets	Liabilities
Option premiums	802	783	826	819
Securities settlement accounts	5		4	
Debts in respect of borrowed securities		3,588		2,644
Deferred tax	1			
Miscellaneous debtors and creditors	7,817	1,021	6,825	652
Non-performing receivables	1		1	
Accrued interest	2	0	3	0
Impairment provisions	(1)		(1)	
TOTAL	**8,627**	**5,392**	**7,658**	**4,115**

Note 13: Accruals

	Dec. 31, 2014		Dec. 31, 2013	
	Assets	Liabilities	Assets	Liabilities
Collection accounts	1	40		25
Currency adjustment accounts and off-balance sheet	6,440	6,720	6,353	6,643
Other accruals	939	3,068	897	3,616
TOTAL	**7,380**	**9,828**	**7,250**	**10,284**

Note 14: Due to credit institutions

	Dec. 31, 2014		Dec. 31, 2013	
	On demand	At maturity	On demand	At maturity
Current accounts	15,957		9,549	
Term deposits		15,946		13,750
Amounts received under resale agreements				
Securities sold under repurchase agreements (repos)		15,272		15,476
Accrued interest		33		43
TOTAL	**15,957**	**31,251**	**9,549**	**29,269**
TOTAL DUE TO CREDIT INSTITUTIONS		**47,208**		**38,818**

Note 15: Due to customers

	Dec. 31, 2014		Dec. 31, 2013	
	On demand	At maturity	On demand	At maturity
Regulated savings accounts	5,930	1,333	5,811	1,214
Accrued interest				
TOTAL – REGULATED SAVINGS ACCOUNTS	**5,930**	**1,333**	**5,811**	**1,214**
Other liabilities	13,054	7,879	8,685	12,197
Securities sold under repurchase agreements (repos)		4,230		2,452
Accrued interest		75		76
TOTAL – OTHER LIABILITIES	**13,054**	**12,184**	**8,685**	**14,725**
TOTAL DUE TO CUSTOMERS ON DEMAND AND AT MATURITY		**32,501**		**30,435**

Note 16: Debt securities

	Dec. 31, 2014	Dec. 31, 2013
Retail certificates of deposit	64	53
Interbank instruments and money market securities	14,003	13,403
Bonds	2,620	1,487
Other debt securities		2
Accrued interest	39	31
TOTAL	**16,726**	**14,976**

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Note 17: Provisions

	Dec. 31, 2013	Additions	Reversals	Other movements	Dec. 31, 2014
Provisions for counterparty risks					
On signature commitments	26	5	(5)		26
On financing and guarantee commitments					
On country risks					
General provisions for counterparty risks	273	33	(12)	19	313
Other provisions for counterparty risks					
Provisions for losses on forward financial instruments	**45**	**1**	**(13)**	**1**	**33**
Provisions on subsidiaries and equity interests	**128**	**2**	**(36)**		**94**
Other provisions for contingencies and charges (excluding counterparty risks)					
Provisions for retirement costs	44	4			48
Provisions for home savings accounts and plans	4	1			5
Other provisions[1]	728	69	(63)	16	750
TOTAL	**1,248**	**115**	**(129)**	**36**	**1,269**

(1) At December 31, 2014, included €445 million of provisions linked to tax consolidation temporary differences.

Note 17b: Provisions for risks on commitments in respect of home savings

	Dec. 31, 2014		Dec. 31, 2013	
	Outstandings	Provisions	Outstandings	Provisions
Home savings plans	1,140	3	1,029	2
Home savings accounts	72	1	74	1
Home savings loans	8		11	

Note 17c: Provision for retirement bonuses

	Jan. 1, 2014	Impact of discounting	Financial income	Cost of services rendered	Change of accounting method	Change in actuarial differences	Payment to beneficiaries	Insurance contributions	Dec. 31, 2014
Commitments	47	1		2		8	(5)		53
Insurance policy	26		1			1	(3)	4	29
Spreading									
Provision	**21**	**1**	**(1)**	**2**		**7**	**(2)**	**(4)**	**24**

Note 18: Subordinated debt

	Dec. 31, 2013	Issues	Redemptions	Other movements	Dec. 31, 2014
Subordinated debt	481			34	515
Non-voting loan stock					
Perpetual subordinated loan stock	1,744		(1,500)		244
Accrued interest	5			(1)	4
TOTAL	**2,230**		**(1,500)**	**33**	**763**

Other movements relating to subordinated debt are due to exchange rate movements on a USD 350 million liability.

Main subordinated debt issues

Issue	Issue date	Amount	Amount at year end	Rate	Maturity
Subordinated notes	09.30.03	$350m	$350m	a	09.30.2015
Non-voting loan stock	05.28.85	€137m	€137m	b	c

(a) 6-month USD Libor + 55 basis points.
(b) Minimum 85% (TAM+TMO)/2 Maximum 130% (TAM+TMO)/2.
(c) Repayable at borrower's discretion as from May 28, 1997 at 130% of the face value incremented at the rate of 1.5% for each subsequent year.

Note 19: Equity and general banking risks reserve

	Capital	Additional paid-in capital	Reserves(1)	Revaluation reserve	Untaxed provisions	Retained earnings	Net income for the year	Total	General banking risks reserve
Equity at Jan. 1, 2013	**608**	**1,088**	**668**	**44**	**45**	**2,636**	**708**	**5,797**	**379**
Net income for the year							1,303	1,303	
Appropriation of prior year earnings						708	(708)		
Dividends paid						(284)		(284)	
Capital increase									
Impact of remeasurement									
Change of method(2)						(10)		(10)	
Other movements					2	(1)		1	
Equity at Dec. 31, 2013	**608**	**1,088**	**668**	**44**	**47**	**3,049**	**1,303**	**6,807**	**379**
Equity at Jan. 1, 2014	**608**	**1,088**	**668**	**44**	**47**	**3,049**	**1,303**	**6,807**	**379**
Net income for the year							831	831	
Appropriation of prior year earnings						1,303	(1,303)		
Dividends paid						(265)		(265)	
Capital increase									
Impact of remeasurement									
Change of method									
Other movements			(1)		(3)	1		(3)	
Equity at Dec. 31, 2014	**608**	**1,088**	**667**	**44**	**44**	**4,088**	**831**	**7,370**	**379**

(1) At December 31, 2014, reserves comprised the legal reserve for €60 million, the special long-term capital gains reserve for €287 million, retained earnings for €196 million, statutory reserves for €124 million and the special reserve pursuant to Article 238bis AB of the French Tax Code for €1 million.
(2) The 2013 change of method corresponds to the application of ANC recommendation 2013-02 on retirement commitments.

At December 31, 2014 CIC's capital stock comprised 38,027,493 common stock units with a par value of €16 each.
CIC generated net income of €830,720,745.60.
The stockholders' general meeting is asked to appropriate the amount of €4,918.8 million, comprising the net income of €830.7 million and retained earnings of €4,088.1 million, as follows:

Dividends relating to the 2014 fiscal year	304.2
Appropriation to the legal reserve	0.0
Addition to retained earnings	4,614.6
TOTAL DISTRIBUTABLE AMOUNT	**4,918.8**

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Note 20: Breakdown of certain assets/liabilities by residual term

	Within 3 months and on demand	3 months or more, within 1 year	1 year or more, within 5 years	5 years or more	Perpetual	Accrued interest	Total
Assets							
Interbank loans and advances[1]	23,353	1,923	421	1,950	193	24	27,864
Customer loans and receivables[2]	10,716	3,008	9,208	11,801	11	77	34,821
Bonds and other fixed-income securities[3]	1,107	274	1,394	1,313		12	4,100
Liabilities							
Due to credit institutions	35,032	5,754	3,665	2,688		33	47,172
Due to customers	25,960	2,645	3,470	342		75	32,492
Debt securities							
- Retail certificates of deposit	26	37				1	64
- Interbank instruments and money market securities	5,644	8,152	197			20	14,013
- Bonds	37	177	1,045	1,363		18	2,640
- Other							

(1) Excluding non-performing loans and receivables and provisions for impairment.
(2) Excluding amounts not allocated, non-performing loans and receivables and impairment provisions.
(3) Concerns exclusively available-for-sale and held-to-maturity securities (excluding non-performing assets).
(4) Excluding other amounts due.

Note 21: Equivalent value in millions of euros of foreign currency assets

The equivalent value of foreign currency assets and liabilities at December 31, 2014 was, respectively, €21,624 million and €22,968 million.
CIC does not hold any material operational positions in foreign currency.

Note 22: Guarantee commitments given

In connection with the CM11 group's refinancing operations (mortgages and covered securities), certain customer loans granted by CIC form part of the assets given as guarantee for these refinancing operations carried by non-group entities. At December 31, 2014, they amounted to €5,660 million.
The bank obtains refinancing from Caisse de Refinancement de l'Habitat by issuing promissory notes that securitize receivables covered by Article L.313-42 of the French Monetary and Financial Code, which totaled €535 million at December 31, 2014. On the same date, home loans guaranteeing these promissory notes amounted to €1,052 million.

Note 23: Commitments on forward financial instruments

Transactions in forward financial instruments (based on the concepts of micro/macro-hedging and the management of open positions/specialist management of forward commitments and options)

	Dec. 31, 2014 Hedging	Dec. 31, 2014 Position management	Dec. 31, 2014 Total	Dec. 31, 2013 Hedging	Dec. 31, 2013 Position management	Dec. 31, 2013 Total
Forward commitments						
Organized markets						
- Interest rate contracts		19,726	19,726		6,801	6,801
- Foreign exchange contracts						
- Other commitments		63	63		63	63
Over-the-counter markets						
- Forward rate agreements		3,705	3,705		4,616	4,616
- Interest rate swaps	10,152	188,830	198,982	12,263	209,206	221,469
- Financial swaps	724	21,456	22,180	39	31,748	31,787
- Other commitments		201	201		71	71
- Swaps – other		14,028	14,028		142	142
Options						
Organized markets						
- Interest rate options						
• Purchased		335	335		73	73
• Sold		549	549		109	109
- Foreign exchange options						
• Purchased						
• Sold						
- Equities and other options						
• Purchased		188	188		578	578
• Sold		177	177		217	217
Over-the-counter markets						
- Interest rate caps and floors						
• Purchased		8,803	8,803		12,264	12,264
• Sold		9,285	9,285		12,922	12,922
- Interest rate, foreign exchange, equity and other options						
• Purchased		18,358	18,358		24,101	24,101
• Sold		18,295	18,295		24,152	24,152
TOTAL	**10,876**	**303,999**	**314,875**	**12,302**	**327,063**	**339,365**

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Breakdown of over-the-counter interest rate instruments by portfolio type

Dec. 31, 2014	Isolated open position	Micro-hedging	Global interest rate risk	Specialist management	Total
Forward commitments					
Purchases				2,017	2,017
Sales				1,888	1,888
Swaps	8,181	9,273	1,603	216,136	235,193
Options					
Purchases	8,398			18,763	27,161
Sales	8,377			19,203	27,580
Dec. 31, 2013					
Forward commitments					
Purchases				1,870	1,870
Sales				2,746	2,746
Swaps	7,551	10,952	1,311	201,655	221,469
Options					
Purchases	169			12,095	12,264
Sales	170			12,752	12,922

During 2014, no transfers were made from the hedging swaps portfolio to the trading swaps portfolio.

Note 24: Breakdown of forward instruments by residual term

	Within 1 year or more	1 year or more, within 5 years	5 years or more	Total
Interest rate instruments				
Organized markets				
- Purchases	335	3,254	5,470	9,059
- Sales	2,442	8,964	145	11,551
Over-the-counter markets				
- Purchases	5,055	5,038	621	10,714
- Sales	5,084	5,422	572	11,078
- Interest rate swaps	63,272	89,856	45,854	198,982
Foreign exchange instruments				
Organized markets				
- Purchases				
- Sales				
Over-the-counter markets				
- Purchases	8,292	2,119		10,411
- Sales	8,281	2,109		10,390
- Financial swaps	5,833	13,244	3,103	22,180
Other forward financial instruments				
Organized markets				
- Purchases	146	50		196
- Sales	182	49		231
Over-the-counter markets				
- Purchases	6,446	1,607		8,053
- Sales	6,413	1,589		8,002
- Swaps	4,688	8,697	643	14,028
TOTAL	116,469	141,998	56,408	314,875

Note 25: Forward financial instruments – Counterparty risk

The counterparty risk related to forward financial instruments is estimated based on the method used for the calculation of pruden-tial ratios.

Credit risks on forward financial instruments	Dec. 31, 2014	Dec. 31, 2013
Gross exposure		
Risks on credit institutions	1,970	4,112
Risks on companies	2,093	1,447
TOTAL	4,063	5,559

Fair value of forward financial instruments	Dec. 31, 2014		Dec. 31, 2013	
	Assets	Liabilities	Assets	Liabilities
Fair value of forward financial instruments	7,390	9,092	7,187	8,595

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Note 26: Other off-balance sheet commitments

	Dec. 31, 2014	Dec. 31, 2013
Foreign exchange commitments		
Amounts receivable	1,895	4,055
Amounts payable	1,946	3,592
Commitments on forward financial instruments		
Commitments made on organized and similar markets		
Forward foreign exchange commitments		
- Hedging	38,104	19,941
- Other	77,171	61,574
- Financial foreign exchange swaps		
- Isolated open position	404	790
- Micro-hedging	724	39
- Global interest rate risk		
- Specialist management	21,052	30,947
Finance leasing commitments		
Remaining lease payments on property finance leases		
Remaining lease payments on equipment finance leases		

Note 27: Interest income and expense

	2014		2013	
	Income	Expense	Income	Expense
Credit institutions	2,407	(2,931)	749	(981)
Customers	970	(297)	969	(345)
Finance leases and operating leases				
Bonds and other fixed-income securities	194	(142)	153	(140)
Other	194	(236)	98	(125)
TOTAL	**3,765**	**(3,606)**	**1,969**	**(1,591)**
Including expenses relating to subordinated debt		*(18)*		*(46)*

Note 28: Income from variable-income securities

	2014	2013
Available-for-sale securities		
Portfolio activity securities		
Equity interests and other long-term investments	9	7
Investments in associates	424	996
Income from investments in non-trading real estate companies		
TOTAL	**433**	**1,003**

Note 29: Commission income and expense

	2014		2013	
	Income	Expense	Income	Expense
Treasury and interbank activities	1	(4)	5	(2)
Customer transactions	188	(3)	178	(2)
Securities transactions		(9)		(7)
Foreign exchange transactions	1	(1)	1	(1)
Off-balance sheet activities				
- Commitments on securities				
- Forward financial commitments		(4)		(3)
- Financing commitments and guarantees	3		3	(1)
Financial services	113	(8)	224	(8)
Means of payment	107	(70)		(73)
Treasury and interbank activities	7	(10)	11	(8)
TOTAL	**420**	**(109)**	**422**	**(105)**

Note 30: Net gains on trading account securities

	2014	2013
On securities held for trading	276	281
On foreign exchange trading	19	17
On forward financial instruments		
- Interest rates	(2,550)	14
- Foreign exchange	2,537	14
- On other financial instruments, including equity instruments	(28)	(32)
Sub-total	**254**	**294**
Additions to impairment provisions on financial instruments	(1)	
Reversals from impairment provisions on financial instruments	13	56
TOTAL	**266**	**350**

Note 31: Net gains/(losses) on available-for-sale and similar securities

	2014	2013
Available-for-sale securities		
Gains on disposals	48	79
Losses on disposals	(10)	(6)
Additions to impairment provisions	(23)	(7)
Reversals from impairment provisions	3	19
Portfolio activity securities		
Gains on disposals		
Losses on disposals		
Additions to impairment provisions		
Reversals from impairment provisions		
TOTAL	**18**	**85**

Note 32: Other banking income and expense

	2014		2013	
	Income	Expense	Income	Expense
Incidental income	1		1	
Transfer of expenses				
Net additions to provisions	17		25	(11)
Other income and expense relating to banking activities	2	(81)	2	(78)
Net income (expense) from other activities				(1)
TOTAL	**20**	**(81)**	**28**	**(90)**

Note 33: Payroll costs

	2014	2013
Wages and salaries	(230)	(214)
Payroll taxes	(102)	(94)
Retirement benefit expense	(3)	2
Employee profit-sharing and incentive bonuses	(18)	(19)
Payroll-based taxes	(34)	(37)
Net addition to provisions for retirement benefits	(4)	4
Other net additions to provisions	1	(1)
TOTAL	**(390)**	**(359)**

The Tax Credit for Competitiveness and Employment *(Crédit d'impôt pour la compétitivité et l'emploi – CICE)*, which amounted to €3.8 million in respect of the fiscal year 2014, was credited to payroll costs.
The CICE has enabled the group to maintain, and even to increase, its financing of employee training at a level well in excess of the regulatory requirements and to improve the group's overall competitiveness by the following initiatives, in particular:

- by investing, particularly in new technologies such as digital tools (tablet computers) and videoconferencing systems on laptop computers enabling customers to both have regular contact with their relationship manager and make energy savings;
- through IT developments concerning new telephone payment methods and related services;
- by developing new services for the group's retailer customers;
- by searching for new domestic and international markets that would enable the group to reduce the costs of the services it provides to customers.

Note 34: Net additions to provisions for loan losses

	2014	2013
Additions to non-performing loan impairment provisions	(166)	(125)
Reversals from non-performing loan impairment provisions	293	208
Loan losses covered by impairment provisions	(99)	(140)
Loan losses not covered by impairment provisions	(26)	(90)
Recovery of loans written off in prior years	7	18
Balance of loans	**9**	**(129)**
Additions to impairment provisions	(38)	(41)
Reversals from impairment provisions	16	16
Balance of risks	**(22)**	**(25)**
TOTAL	**(13)**	**(154)**

Note 35: Net gains/(losses) on disposals of non-current assets

	2014					2013
	Government securities and similar	Bonds and other fixed-income securities	Equity interests and other long-term investments	Investments in associates	Total	Total
On non-current financial assets						
Gains on disposals		378			378	138
Losses on disposals		(2)	(5)	(5)	(12)	(19)
Additions to impairment provisions			(3)		(3)	(32)
Reversals from impairment provisions			45	11	56	53
Sub-total		**376**	**37**	**6**	**419**	**140**
On property and equipment and intangible assets						
Gains on disposals						
Losses on disposals						
Sub-total						
TOTAL					**419**	**140**

Note 36: Net non-recurring items

	2014	2013
Merger deficit		
Provision		
TOTAL		

Note 37: Corporate income tax

	2014	2013
Current taxes – excluding effect of tax consolidation	(27)	(25)
Current taxes – accruals relating to prior years	2	3
Current taxes – effect of tax consolidation	20	(67)
TOTAL	**(5)**	**(89)**
Relating to operating activities	(5)	(89)
Relating to non-recurring items		
TOTAL	**(5)**	**(89)**

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Note 38: Breakdown of income statement items by geographic area

	France	USA	United Kingdom	Singapore	Total
Net banking income	868	140	50	68	1,126
General operating expenses	(601)	(40)	(10)	(49)	(700)
Operating income before provisions	267	100	40	19	426
Net additions to/reversals from provisions for loan losses	(77)	60	3	1	(13)
Operating income after provisions	190	160	43	20	413
Net gains/(losses) on disposals of non-current assets	419				419
Income/(loss) before non-recurring items	609	160	43	20	832
Non-recurring items					
Corporate income tax	16	(9)	(10)	(2)	(5)
Additions to/reversals from untaxed provisions	4				4
Net income/(loss)	**629**	**151**	**33**	**18**	**831**

Note 38b: Breakdown of income statement items by business segment

	Network	Private banking	Financing	HQ and holding company services	Total
Net banking income	617	25	210	274	1,126
General operating expenses	(385)	(28)	(215)	(72)	(700)
Operating income/(expense) before provisions	232	(3)	(5)	202	426
Net additions to/reversals from provisions for loan losses	(27)		3	11	(13)
Operating income after provisions	205	(3)	(2)	213	413
Net gains/(losses) on disposals of non-current assets			375	44	419
Income/(loss) before non-recurring items	205	(3)	373	257	832
Non-recurring items					
Corporate income tax	(78)		(72)	145	(5)
Additions to/reversals from untaxed provisions				4	4
Net income/(loss)	**127**	**(3)**	**301**	**406**	**831**

Note 39: Average number of employees

	2014	2013
Banking staff	1,848	1,885
Managerial grade staff	1,912	1,866
TOTAL	**3,760**	**3,751**

Note 40: Total compensation paid to key executives

	Fixed salary	Variable salary	Benefits-in-kind	Sundry adjustments	Total 2014	Total 2013
Key executives	0.6				0.6	0.6

Members of the board of directors did not receive any compensation.
No advances or loans were granted to any members of the board of directors during the fiscal year.

Note 41: Earnings per stock unit

At December 31, 2014, CIC's capital stock amounted to €608,439,888, made up of 38,027,493 stock units with a par value of €16 each, including 229,791 treasury stock units which are not taken into account in the calculation of earnings per stock unit.
Thus, earnings per stock unit in respect of 2014 totaled €21.98 compared with €34.48 in respect of 2013.

Note 42: Individual rights to staff training

The individual rights to staff training earned by December 31, 2014, as set out in articles L.933-1 to L.933-6 of the French Employment Code, amounted to 364,911 hours.

Investments in subsidiaries and associates at December 31, 2014

Company and address	Capital stock	Equity less capital, excluding 2014 income
Detailed information about investments in French and foreign companies with a gross value representing more than 1% of CIC's capital stock (in currency thousands)		
A/SUBSIDIARIES (more than 50% of the capital stock owned by CIC)		
A.1 CREDIT INSTITUTIONS		
French subsidiaries		
CIC Ouest - 2 avenue Jean-Claude Bonduelle, 44000 Nantes - Siren 855 801 072	83,780	449,889
CIC Nord Ouest - 33 avenue Le Corbusier, 59800 Lille - Siren 455 502 096	230,000	321,752
CIC Est - 31 rue Jean Wenger-Valentin, 67000 Strasbourg - Siren 754 800 712	225,000	418,456
Banque Transatlantique - 26 avenue Franklin D. Roosevelt, 75008 Paris - Siren 302 695 937	29,372	80,748
CIC Sud Ouest - 20 quai des Chartrons, 33000 Bordeaux - Siren 456 204 809	155,300	102,647
CIC Lyonnaise de Banque - 8 rue de la République, 69001 Lyon - Siren 954 507 976	260,840	438,981
CM-CIC Securities - 6 avenue de Provence, 75009 Paris - Siren 467 501 359	6,568	4,857
CM-CIC Epargne Salariale - 12 rue Gaillon, 75002 Paris - Siren 692 020 878	13,524	10,485
CM-CIC Bail - 12 rue Gaillon, 75002 Paris - Siren 642 017 834	26,188	(12,153)
CM-CIC Lease - 48 rue des Petits-Champs, 75002 Paris - Siren 332 778 224	64,399	30,816
Foreign subsidiaries		
Banque de Luxembourg - 14 boulevard Royal L-2449 Luxembourg	104,784	674,010
Banque CIC Suisse - 11-13 Marktplatz CH4001 Suisse	CHF 125,000	CHF 191,050
A.2 OTHERS		
CM-CIC Capital Finance - 28 avenue de l'Opéra, 75002 Paris - Siren 562 118 299	1,212,647	264,835
Adepi - 6 rue Gaillon, 75002 Paris - Siren 331 618 074	244,193	461,340
CIC Participations - 4 rue Gaillon, 75002 Paris - Siren 349 744 193	8,375	(43,103)
CIC Associés - 4 rue Gaillon, 75002 Paris - Siren 331 719 708	15,576	944
CIC Migrations - 6 rue Gaillon, 75002 Paris - Siren 395 064 769	37	631
B/ASSOCIATES (10% to 50% of the capital stock owned by CIC)		
General information on other subsidiaries and associates		
SUBSIDIARIES		
French subsidiaries		
Foreign subsidiaries		
ASSOCIATES		
French companies		
Foreign companies		

** Net banking income in the case of banks.*
*** 27.88% directly by CIC and 26.20% indirectly by CIC.*

Share of capital held (%)	Carrying amount of securities held		Advances granted by CIC	Guarantees and securities given by CIC	Revenue excluding taxes* for last fiscal year	Net income for last fiscal year	Dividends received in 2014 by CIC
	Gross	Net					
100	366,583	366,583	0		454,861	64,149	28,799
100	313,939	313,939	0		505,376	116,342	62,100
100	231,131	231,131	0		620,251	103,184	76,950
100	119,665	119,665	0		86,023	30,779	21,461
100	220,670	220,670	100,000		305,162	38,279	16,112
100	341,811	341,811	0		644,107	70,368	38,621
100	38,690	38,690	0		54,299	2,966	0
99.94	31,958	31,958	0		25,071	3,549	766
99.22	250,288	250,288	0		2,261,058	7,659	0
54.08**	22,310	21,472	0		521,433	3,215	1,055
100	902,298	902,298	0		260,568	63,228	50,039
100	CHF 338,951	CHF 338,951	0	CHF 255,000	CHF 94,012	CHF 6,350	0
99.99	1,662,737	1,662,737	0		7,551	11,065	5,543
100	474,937	474,937	0		0	54,081	122,096
100	40,268	4,585	0		0	59,677	0
100	19,788	17,568	0		0	905	0
100	10,619	722	0		0	(12)	0
	9,015	7,925					623
	35	35					0
	10,210	9,600					161
	1,322	1,322					4,800

... Investments in subsidiaries and associates at December 31, 2014

Businesses and results of subsidiaries and associates

Regional banks[1]

CIC Nord Ouest

(Financial data in € millions)	2014 Company – French GAAP	2013 Company – French GAAP
Number of employees at December 31	2,598	2,627
Total assets	19,792	18,622
Equity attributable to owners of the company including general banking risks reserve	668	618
Customer deposits	13,765	13,271
Customer loans	16,158	16,212
Net income	**116**	**82**

CIC Est

(Financial data in € millions)	2014 Company – French GAAP	2013 Company – French GAAP
Number of employees at December 31	3,244	3,282
Total assets	25,429	23,776
Equity attributable to owners of the company including general banking risks reserve	747	726
Customer deposits	17,524	16,327
Customer loans	21,085	21,278
Net income	**103**	**108**

CIC Lyonnaise de Banque

(Financial data in € millions)	2014 Company – French GAAP	2013 Company – French GAAP
Number of employees at December 31	3,673	3,693
Total assets	30,404	29,179
Equity attributable to owners of the company including general banking risks reserve	770	743
Customer deposits	19,639	18,557
Customer loans	23,846	23,191
Net income	**70**	**39**

CIC Sud Ouest

(Financial data in € millions)	2014 Company – French GAAP	2013 Company – French GAAP
Number of employees at December 31	1,705	1,698
Total assets	11,591	11,330
Equity attributable to owners of the company including general banking risks reserve	296	275
Customer deposits	7,286	6,892
Customer loans	9,757	9,366
Net income	**38**	**31**

CIC Ouest

(Financial data in € millions)	2014 Company – French GAAP	2013 Company – French GAAP
Number of employees at December 31	2,572	2,634
Total assets	20,135	19,125
Equity attributable to owners of the company including general banking risks reserve	598	566
Customer deposits	13,422	12,833
Customer loans	17,003	17,327
Net income	**64**	**53**

(1) Customer deposits do not include certificates of deposit or repurchase agreements (repos).
Customer loans do not include resale agreements but include lease financing transactions.

... Investments in subsidiaries and associates at December 31, 2014

Specialist subsidiaries – Retail banking

CM-CIC Épargne Salariale

(Financial data in € millions)	2014 Company – French GAAP	2013 Company – French GAAP
Number of employees at December 31	122	128
Total assets	73	84
Equity	24	21
Assets under management (excluding current bank accounts)	6,979	6,535
Net income	**3.5**	**3.4**

CM-CIC Bail

(Financial data in € millions)	2014 Consolidated*	2013 Consolidated*
Number of employees at December 31	210	206
Total assets**	7,542	6,907
Equity**	413	384
Assets under management (excluding current bank accounts)**	6,656	6,404
Net income**	**36.4**	**43.4**

* CM-CIC Bail, CM-CIC Leasing Benelux and CM-CIC Leasing GMBH.
** Financial information.

CM-CIC Lease

(Financial data in € millions)	2014 Company – French GAAP	2013 Company – French GAAP
Number of employees at December 31	48	48
Total assets	4,056	3,763
Equity	75	76
Assets under management (excluding current bank accounts)	3,753	3,486
Net income	**4.1**	**4.4**

CM-CIC Factor

(Financial data in € millions)	2014 Company – French GAAP	2013 Company – French GAAP
Number of employees at December 31	355	345
Total assets	4,664	4,900
Equity attributable to owners of the company	141	139
Factored receivables	26,258	21,394
Assets under management (excluding current bank accounts)	4,249	3,728
Net income	**5.0**	**3.6**

Specialist subsidiaries – Financing and capital markets

CM-CIC Securities

(Financial data in € millions)	2014 Company – French GAAP	2013 Company – French GAAP
Number of employees at December 31	235	244
Total assets	957	920
Customer assets in custody	22,525	19,334
Net income	**3.0**	**(12.8)**

... Investments in subsidiaries and associates at December 31, 2014

Specialist subsidiaries – Private banking

Banque Transatlantique[1]

(Financial data in € millions)	2014 Consolidated IFRS	2013 Consolidated IFRS
Number of employees at December 31	364	353
Total assets	3,088	2,994
Equity attributable to owners of the company including general banking risks reserve	176	159
Customer funds invested in group savings products	22,376	20,982
Customer deposits	2,339	2,331
Customer loans	1,834	1,683
Net income (consolidated/attributable to owners of the company)	**39.0**	**28.7**

(1) Customer deposits do not include certificates of deposit or repurchase agreements *(repos)*.
Customer loans do not include resale agreements but include lease financing transactions.

Banque CIC Suisse

Key figures prepared using local accounting standards (Financial data in CHF millions)	2014 Company	2013 Company
Number of employees at December 31	331	308
Total assets	6,170	5,360
Equity	322	285
Assets in custody	3,764	3,462
Net income	**6.3**	**5.3**

Banque de Luxembourg

Key figures prepared using local accounting standards (Financial data in € millions)	2014 Company	2013 Company
Number of employees at December 31	796	751
Total assets	13,693	12,845
Equity including general banking risks reserve*	842	793
Assets in custody and deposits	63,085	56,717
Net income	**63.2**	**68.5**

* Equity includes untaxed provisions.

Specialist subsidiaries – Private equity

CM-CIC Capital Finance

(Financial data in € millions)	2014 Company – French GAAP	2013 Company – French GAAP
Number of employees at December 31	21	28
Total assets	1,518	1,521
Equity	1,489	1,483
Portfolio valuation	1,499	1,532
Net income	**11.1**	**5.8**

CM-CIC Capital et Participations

(Financial data in € millions)	2014 Company – French GAAP	2013 Company – French GAAP
Number of employees at December 31	7	0
Total assets	81	0
Equity	29	0
Portfolio valuation	75	0
Net income	**0.1**	**0.0**

CM-CIC Investissement

(Financial data in € millions)	2014 Consolidated*	2013 Consolidated*
Number of employees at December 31	61	58
Total assets	1,738	1,672
Equity	1,669	1,605
Portfolio valuation	1,839	1,856
Net income	**53.9**	**27.8**

* CM-CIC Investissement + CM-CIC Conseil + CM-CIC Innovation + Sudinnova.

STATUTORY AUDITORS' REPORT

on the company financial statements

Year ended December 31, 2014

To the stockholders,

In fulfillment of the assignment entrusted to us by your stockholders' general meeting, we hereby report to you, for the year ended December 31, 2014, on:

- the audit of the accompanying annual financial statements of CIC;
- the justification of our assessments;
- the specific verifications and information required by law.

The annual financial statements have been approved by the board of directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the annual financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free from material misstatement.
An audit includes examining, on a test basis or using other sampling methods, evidence supporting the amounts and disclosures in the annual financial statements. An audit also includes assessing the accounting principles used, the significant estimates made in the preparation of the financial statements and the overall presentation of the financial statements. We believe that the information we have gathered is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the financial statements for the year ended December 31, 2014 give a true and fair view of CIC's assets, liabilities, financial position and of the results of its operations in accordance with French accounting rules and principles.

II - Justification of our assessments

In accordance with the requirements of Article L.823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

- the company uses internal models and methodologies to value positions on certain financial instruments that are not listed on active markets, as well as to recognize certain provisions, as described in note 1 to the financial statements. We examined the control systems applied to the models used, the determination of the inactive nature of the market and the parameters used;
- as stated in notes 1, 4c and 17 to the financial statements, the company recognizes impairment losses and provisions to cover the credit risks inherent to its business. We examined the control systems applicable to the monitoring of credit risk, the assessment of the risk of non-recovery and the coverage of said risks, as regards assets by specific impairment losses and as regards liabilities by general provisions to cover credit risks;
- the company makes other estimates in the usual context of preparing its financial statements, in particular as regards the valuation of equity interests and other long-term investments and the assessment of retirement benefit obligations recognized and provisions for legal and tax risks. We examined the assumptions made and verified that these accounting estimates are based on documented methods in accordance with the principles described in note 1 to the financial statements.

These assessments were made in the context of our audit of the company financial statements taken as a whole and therefore contributed to the formation of our opinion expressed in the first section of this report.

III – Specific verifications and information

We also carried out the specific verifications provided for by law, in accordance with French professional standards.

We have no matters to report as to the fair presentation and consistency with the annual financial statements of the information given in the board of directors' report and in the documents sent to stockholders on the financial position and the company financial statements.

As regards the information provided pursuant to Article L.225-102-1 of the French commercial code on compensation and benefits paid to corporate officers and commitments made in their favor, we verified the consistency of this information with the financial statements or with the data used to draw up the financial statements and, if applicable, with the information received by the company from companies that control it or are controlled by it. On the basis of this work, we certify that this information is accurate and fair.

Pursuant to the law, we satisfied ourselves that the information relating to acquisitions of equity and controlling interests and to the identity of the holders of the capital or voting rights was provided to you in the board of directors' report.

Signed in Neuilly-sur-Seine and Paris-La Défense,
April 21, 2015

The Statutory Auditors

PricewaterhouseCoopers Audit		Ernst & Young et Autres
Agnès Hussherr	Jacques Lévi	Olivier Durand

Social and environmental responsibility

4

GENERAL INFORMATION

Preamble

Presented in this section are the employment and environmental impacts of the business as well as the company's social commitments in favor of sustainable development, in accordance with the requirements of article 225 of the Grenelle II Act of July 12, 2010 and its implementing decree of April 24, 2012.
The actions of the Crédit Mutuel group in the area of social and environmental responsibility are described in a CSR report published by the Crédit Mutuel National Confederation, and those of the CM11[1] group are published in this organization's registration document.

NB: unless otherwise indicated by an *, the comments below apply to the quantitative data provided in the indicator tables below.
In addition, certain subsection titles include a code, such as SOCXX, SOTXX or ENVXX, to make it easier to locate the relevant material in the cross-reference table for information required by Article 225 of the Grenelle II Act at the end of this section.

Introduction

Community, responsibility and solidarity are the values that the Crédit Mutuel group has promoted since its creation. These are expressed in particular by the group's adherence to the principles of the UN Global Compact since 2003.

CIC's approach to sustainable development is in line with this policy defined at the level of the Crédit Mutuel group.

Employment aspects

In 2014, CIC continued its policy of streamlining management of its employees' skills and career development.
CIC applies a single-status employment policy for the majority of the group's entities.

1 - Staffing levels

1.1. A leading employer

As of December 31, 2014, the CIC group had 20,398* employees on the payroll, which breaks down as follows:

- banks: 17,287;
- French subsidiaries: 1,385;
- branches/offices and subsidiaries abroad: 1,726.

The total number of employees dropped by 218 (-1.1%) as compared to 2013 (20,616). After adjustment of 2013 data excluding CM-CIC Gestion (151 employees), the reduction numbers 67 employees.
The banks registered an overall decrease in their workforce of 128 employees (-0.73%).
The workforce of the French subsidiaries rose by eight employees (adjusted 2013 data excluding CM-CIC Gestion), and staffing levels at foreign establishments rose by 53 employees.

1.2. Stable jobs

The scope used for the indicators below (mainland France) includes 18,813 employees (individuals), of whom 96.1% were on permanent contracts. CIC's turnover rate was 2.5%.

1.3. Compensation

Quantitative data on compensation is presented on page 236 (SOC73, SOC107 to 109 and SOC80 indicators). Gross payroll for these employees is €789.2 million, down 0.4% compared with 2013.

1.4. Working time and absenteeism

Working time and absenteeism and its causes are presented on page 235 (SOC29 to SOC32 indicators for organization of working time; SOC38 to 40 and SOC43 for absenteeism). The proportion of employees working part-time is 6.3%. Absenteeism has decreased 0.6%, with 217,895 working days of absence during the fiscal year.

1.5. Integration

Employees who have been recently hired to work in the branch network take part in a job training program that combines theoretical instruction, days of work experience and practical application in branches, and self-training. In addition, CIC continues to develop close ties with numerous higher education institutions, in particular through job fairs, recruitment days, seminars on jobs, finance, etc. In the subsidiaries, specific training or tutoring is also implemented for new recruits.

2 - SOC45 - A company that cares about its employees' working conditions

Preventive and monitoring actions in the field of employee health and safety are conducted in CIC's various entities.
For all the companies that apply the CIC single status, there is:

- an action plan for stress prevention at work: the proposed actions to prevent, reduce and eliminate stress at work take into account the conclusions of the working group and of the employee survey conducted by an outside company. Preventive actions involve the arrangement and equipping of workstations, adapting the intranet, the use of the message service, the role and training of managers, and training and support offered to employees;

(1) The CM11 group comprises the groups that belong to the Caisse Fédérale de Crédit Mutuel (CFdeCM). It includes Caisse de Crédit Mutuel Centre Est Europe, Sud-Est, Ile-de-France, Savoie-Mont Blanc, Midi-Atlantique, Loire-Atlantique et Centre-Ouest, Centre, Normandie, Dauphiné-Vivarais, Méditerranéen et Anjou, Caisse fédérale de Crédit Mutuel (CFdeCM), Banque Fédérative du Crédit Mutuel (BFCM), and its main subsidiaries: ACM, BECM, informatique, as well as CIC, Targobank Germany, Cofidis, CIC Iberbanco.

- appended to the internal rules of each company:
  - a charter on preventing and combating harassment and violence (an information leaflet on prevention of harassment and violence at work is distributed to employees);
  - a safety charter that sets out the rules applicable to all group employees and authorized persons who have access to sites, IT resources and information provided or used by the group. A safety booklet describes the safety procedures and instructions to apply in the various situations that might arise. This guide covers several topics and in particular the safety of premises and people. It is available to employees on the company intranet.

The comprehensive occupational risks assessment document and work hardship analysis scale are updated annually, for the applicable companies.

To prevent certain risks specific to the business (armed robbery, physical aggression, rude behavior), safety procedures are updated and communicated regularly.

Concerning rude behavior from customers, employees have a computer application for registering rude acts, which includes recommendations for the measures to be taken with regard to these employees.

Ergonomic furniture and positioning with regard to equipment and light improve the workplace and workstation environment.

A group management charter was defined in 2014. It aims to support quality of life at work by promoting the group's management values. Management fact sheets were made available to managers.

Each of these fact sheets summarizes a specific management situation, presents the recommended practices and suggests possible actions. All of these documents are available on the intranet and accessible to all.

Self-training modules are also offered on the topics of "fire and safety prevention" and "safety awareness – protection of people and property."

CIC declared 93 workplace accidents resulting in lost time.

3 - SOC50 - Training

The 2014-2016 training plan seeks to support the implementation of the group's medium and long term plan. It aims to respond to the group's development priorities, as well as to support changes in the businesses and organizations.

The responses provided are of three types:

- strategic actions to respond to general training needs related to the company's development strategy, the upgrading or acquisition of skills for all employees, and requirements external to the company. The "manage with EADC" training course was rolled out in 2014 to support implementation of the "mobilizing our expertise" corporate project;
- career paths;
- individual skill enhancement actions.

In 2014, the training budget equaled 5% of total payroll and 14,347 employees (76% of employees) received a total of 557,764 hours of training.

Quantitative data on training is presented on page 236 (SOC46 to SOC50).

4 - Skills development and management

4.1. The *TalentSoft* application on employee workstations, which manages the personal data of each employee and generates a mini-CV, as well as later stage career interviews, has been expanded with a feature to manage the EADC[2] interviews. Deployment of this new tool began in 2013, and it was available to all employees in 2014. It aims to evaluate the skills level and to define improvement pathways in the position, as well as to facilitate future promotion based on progress made and successes achieved. The HRDs mobilized to support managers in learning to apply the approach and the tool. In addition, managers have access to EADC presentations, preparation guides for employees, a "Manage with EADC" training course and evaluation practices on the intranet. The group's employees also have access to the JOBS application, whose objectives are to enable an easy search for job offers published anywhere in France, and to create alerts informing users of new opportunities that meet their criteria. A guide to facilitate group mobility procedures and define the associated practical rules is available on the intranet.

4.2. The use of these skills and career management tools was simplified by the group's adoption in 2013 of a unique job nomenclature, which also facilitates referrals and mobility between the different entities. An archive of the group job/skills descriptions has also been available on the employee intranet since late August 2014. The descriptions are divided into 11 families and present for each job: the mission, the primary activities, the skills required to exercise these activities and the main related jobs (those from which an employee can transfer to take this position, and those towards which the employee can evolve after successfully occupying this position). Both a summary description and a comprehensive description are available for each position, the latter including the levels of skills required, the list of professional skills, and definitions of the general skills.

5 - Equal opportunity

Combating all forms of discrimination (SOC69) and respect for gender equality at work (SOC56) are among the commitments of the group's managers. They are presented in the intranet publication titled: "Managing: best practices."

5.1. SOC56 - Gender equality policy

The agreements and commitments signed by the banks and certain subsidiaries in 2013 with respect to equality in employment in terms of recruitment and equal treatment with regard to experience, classification, compensation and work-life balance were monitored in 2014.

Thus, female managers numbered 3,515, a 2.7% increase compared with 2013 (adjusted for CM-CIC Gestion). In 2014, women accounted for 27% of management promotions.

A new application was implemented to guide managers' thinking during the annual individual compensation review process. The *REV REM* application (for REView of REMuneration) provides detailed information on the history and level of compensation of each employee, and enables proposals to be entered into the framework of the annual budget allocation. *REV REM* generates reports that can be used to check that proposals maintain or improve gender equality.

(2) Evaluation and skills development review.

... Employment aspects

5.2. SOC69 - Employment of seniors

In application of the law to promote the employment of young people and seniors *(contrat génération)*, the group's management undertook to continue to employ the same percentage of seniors as a percentage of its workforce as on December 31, 2012 over the three years in which the plan will be implemented. A later stage career interview is also offered to all employees during the year of their 45th birthday.

5.3. SOC69 - Certain companies pursue their own initiatives, such as CIC Lyonnaise de Banque with the IMS association to promote equal opportunity and fight stereotypes of all kinds, and with Maison de l'Emploi et de la Formation to provide support for persons who have difficulties entering the labor market. In addition, Banque de Luxembourg is a signatory to the Lëtzebuerg diversity charter.

5.4. SOC70 - Employment and integration of the disabled

Programs to support the integration of people with disabilities lead to measures to assist disabled workers, like CIC Nord Ouest which contributes to the purchase of equipment made necessary by a disability, pays for modifications to workstations, adjusts working hours if required because of the disability, adapts the physical conditions of professional training to workers' disabilities, provides assistance with and grants a day off for administrative formalities, and subcontracts certain work to centers that employ disabled workers (ESAT).

5.5. Promotion of and compliance with the provisions of the International Labor Organization's fundamental conventions

- Respect for freedom of association and the right to collective bargaining: the group's entities (except where exempted by size) regularly meet with employee representative bodies (works council, health, safety and working conditions committee, employee representatives). No corporate officers or directors of the entities within the scope of the indicators have been convicted of the crime of obstructing the functioning of employee representative institutions.
- SOC64 - Elimination of discrimination in employment and occupation: in accordance with the law, CIC practices no discrimination.
- SOC65 - Elimination of forced or involuntary labor and SOC66 - Effective abolition of child labor: CIC does not use forced or involuntary labor or child labor in its branches and subsidiaries abroad.

6 - Labor dialogue

6.1. Employees have the opportunity to share in CIC's overall performance

Results generated in 2013 enabled the group to pay, in 2014, both profit sharing and incentive bonuses. Thus, in the case of CIC entities covered by the single status, 19,584 employees received a total amount of €84 million in profit sharing and incentive bonuses, i.e., 10.9595% of the 2013 payroll, which breaks down as 8.8224% in profit sharing and 2.1371% in incentive bonuses. Employees who made at least one deposit into their group savings plan received a total of €12.6 million in employer contributions.

No stock subscription or purchase option plans have been established for CIC executives.

6.2. Labor relations and collective bargaining agreements

SOC83 - Agreements signed in 2014

Several agreements relating to the entire CM11 and CIC scope were signed between employees and management.

The following agreements and amendments concern CIC entities:

- January 31, 2014: amendment no. 12 to the CM-CIC group savings plan regulations concerning the creation of a Europe stock sub-fund;
- April 7, 2014: generation contract action plan, integrating measures for seniors;
- April 18, 2014: amendment no. 13 to the CM-CIC group savings plan agreement;
- modification of the list of companies covered by the incentive bonus agreement (amendment no. 1 to the CM-CIC group agreement on employee incentive bonuses signed on June 30, 2014);
- modification of the list of companies covered by the profit-sharing agreement (amendment no. 1 to the CM11-CIC group profit-sharing agreement signed on June 30, 2014).

Specific agreements have also been signed by some CIC entities.

In accordance with the requirements of the employment safeguarding act, an economic and employment database has also been available on the intranet to the employee representatives of the group's French entities employing at least 300 people since June 14, 2014. This shared database of information about the major economic and employment orientations of the companies impacted will be deployed in the other entities of the CIC group employing more than 50 people, in accordance with the calendar defined by law.

SOC84 - Agreements signed concerning occupational health and safety: a health, safety and working conditions committee is convened in all group establishments with at least 50 employees to contribute to protecting employee health and safety and improving working conditions. No agreements on occupational health and safety were signed in 2014.

Preventive actions are regularly executed in the area of health, such as offers of emergency preparedness training, flu vaccines, sleep information days (CIC in the Paris region), etc.

In the area of safety, various documents are available on the intranet: the safety booklet, the group safety guidelines and network safety guide, Acting Together Against Rude Behavior (in customer relations), Preventing All Acts of Harassment and Violence at Work, etc.

6.3. SOC87 - Employee satisfaction

The satisfaction surveys conducted in 2014 address the training provided by CM-CIC Training in terms of content, organization and instruction; and the quality of services provided by the branch network support providers (business line subsidiaries, telephone platform, etc.). These satisfaction surveys are used to improve later modules.

6.4. Raising employee awareness of CSR factors

To improve branch network staff's knowledge of SRI, CM-CIC Asset Management posted a quiz on the intranet from September 22 to October 18, 2014. In connection with the 2014 SRI week, a film produced by CM-CIC Asset Management was also available on the CIC banks' intranet sites. The branch network financial advisors also participated in the web conference organized by CM-CIC Asset Management for institutional clients to provide information about SRI (see section 2.1 of the social aspects).

Finally, the Crédit Mutuel group's CSR letter published weekly is now available on the intranet of CIC, the regional banks and some subsidiaries.

The Crédit Mutuel group developed a CSR self-training module for all employees in 2014. It will be implemented in 2015.

Social aspects

Due to its regional presence, CIC is a stakeholder in regional economic development.

1 - SOT09 - Geographical, economic and social impacts of CIC's business

1.1. CIC is a retail bank serving the real economy with its banking network of 2,047 branches, including 1,738 in the regions

In addition, CIC plays an active role in regional employment, with 92% of its workforce employed in France.

1.2. A solid bank

CIC's full Common Equity Tier 1 capital ratio was 11.5% as of December 31, 2014, and that of the CM11 group was 14.4%, one of the highest among French banks, which facilitates refinancing.

1.3. A bank that actively contributes to financing the economy

In 2014, in a difficult economic environment, €23.5 billion in loans were distributed by its banking network, including €8.8 billion in housing loans, €7.4 billion in investment loans, €4.9 billion in operating and export loans, and €2.4 billion in consumer or revolving credit.

1.4. A bank that supports start-ups, sole proprietors and business acquisitions

Over the past few years, CIC has introduced a system for business start-ups and acquisitions, including such elements as the start-up charter, the CréaCIC offer of specific solutions for financing (notably based on a microenterprise agreement with Bpifrance), social welfare coverage and daily banking, the business start-up guide, the cic.fr start-up space, and a partnership with the APCE national start-up agency, with the France Active network and Initiative France. Sole proprietors also have a dedicated space on cic.fr. CIC also partners with organizations whose purpose is to support entrepreneurial projects, such as the UAE (union of sole proprietors), the *Institut du Créateur Repreneur du BTP* (construction industry entrepreneur institute), and *Mon Entreprise Auto* (national council of automobile professions framework to support the sale, creation and purchase of automobile companies), or to provide interest-free loans *(Réseau Entreprendre, Initiative France,* etc.).

CM-CIC Capital Finance also provides assistance to business incubators, which are support structures for new business start-ups.

1.5. A bank that encourages entrepreneurial initiatives

In September 2014, CIC launched "entreprenons.fr", a space for business creators, sole proprietors and e-retailers to find and share information. In this way, CIC promotes discussion on the web around solutions for concrete everyday issues encountered by entrepreneurs.

As the bank of more than 40% of intermediate-sized enterprises (ISEs), CIC is also a partner to the first cycle of the "Long-term business encounters" which began in October and are organized by the Express-Roularta group and other partners: ASMEP-ETI (association of medium-sized family companies and ISEs), FBN France (Family Business Network France). Six meetings are planned across France, organized jointly with the executive management of each of the regional banks and in Paris. They are an opportunity for family SME and ISE directors to share best practices, tools and experiences, for example with regard to governance and long-term financing, as well as to promote discussion between businesses and leading regional authorities on the conditions for the competitiveness and long-term survival of their companies. CIC also contributes to *La lettre de l'entreprise familiale* (family company newsletter).

CM-CIC Capital Finance regularly organizes day-long entrepreneurship events *(Rencontres Entrepreneurs).*

1.6. A bank that supports the development of SMEs over the long term

Present throughout France with six local offices (Paris, Lyon, Nantes, Lille, Strasbourg and Bordeaux), CM-CIC Capital Finance, which represents the group's "capital" division, supports the companies in its network at every stage of their development: minority investment in technology venture capital, leveraged buy-outs (LBO), private equity and M&A advisory services. It operates in particular via the management of FIP local investment funds and FCPI innovation mutual investment funds. As of December 31, 2014, the consolidated entities for this business managed €2.4 billion in capital, including €2 billion in equity and almost 460 equity investments. In 2014, CM-CIC Capital Finance won first prize for the Small Cap investment fund category from Private Equity Magazine for its activity in 2013.

1.7. A bank that promotes long-term investment in SMEs and ISEs

Since the month of March, CIC has offered two investment funds with special SME savings plan status under French law *(Union PME ETI Action* and *Union PME ETI Diversifié).* There were 4,000 SME savings plans opened in 2014. Two other mid- and small-cap fund offers existed already: *Union Mid Cap* and *Union Entrepreneurs.* Banque Transatlantique also offers a fund eligible for SME savings plan status *(Brongniart PME diversifié).*

1.8. A bank that provides support to young people

For every important phase in a young person's life (apprenticeship, higher education in France or abroad, driver's license, first home, first job, business creation, etc.), CIC proposes tailored solutions: loans with preferred conditions, financing and insurance for a first move, including an insurance policy for joint tenancies, assistance for seeking a first job, money management advice and tools once that job is found, support in creating a business.

The "Objective: First Employment" *(Objectif Premier Emploi)* offer for young people during their search for their first job includes one year of waived fees for the bank services contract for young working people who choose Internet banking, as well as the possibility of partially deferring repayment on loans taken out by young people to finance a driver's license, a car or other projects, the possibility of winning personalized coaching provided by a specialist, and a specific set of telephone banking services.

CIC is partner to MoovJee (movement for young people and student entrepreneurs), which in particular organizes a contest and rewards student who create businesses or have start-up projects with grants and an individual mentoring program.

The exclusive partnership with COFOM (WorldSkills France) was renewed at the start of the year for two years. The goal of WorldSkills France is to promote apprenticeship, professional training, professions and young people who commit to participate in the WorldSkills International competition and to ensure France's presence by organizing the participation of French youth in this international competition. These competitions are open to a very broad range of young people, whatever their situation: apprentices, secondary school students, higher education students, skilled workers, young employees, etc.

CIC is partner to the W Project association, whose purpose is to share experiences and advice on international living and business creation via reports and portraits of French entrepreneurs abroad. These reports are prepared by two teams of students selected competitively, who travel to see how entrepreneurship works in foreign countries, and are posted on the wproject.fr website.

CIC maintains a Facebook blog titled Jeunes Expat' ("young expats"), which is the official CIC webpage for young people who have traveled or want to travel abroad for their studies, an internship or a job.

In addition, CIC has signed partnership agreements with numerous higher education institutions.

SOT44 - List of principal partnerships:

- Fondation Centrale Initiatives (engineering schools in Lille, Nantes and Marseille);
- Catholic Universities of Lille and Lyon;
- Kedge Business School (Marseille);
- Dijon Business School;
- University of Lyon 3;
- EDHEC;
- Contribution to the Nancy Commercial Institute (IC) endowment fund;
- Audencia Nantes ("Family Businesses and Companies, between Continuity and Change" chair);
- University of Luxembourg (Master's in Wealth Management);
- ICHEC Brussels Business School ("Family Companies" chair);
- Partnership with ONISEP Strasbourg, etc.

1.9. SOT40 - A bank that supports associations

The banking network's number of non-profit customers grew to 80,013, an increase of 5.8% in 2014 compared to 2013. CIC in particular proposes donation management services for associations (Dynaflux Global'Collect), enabling delegation of all or part of the entire donation chain, from donation requests to envelope intake, depositing checks and issuing receipts, as well as entering donations into the files. It also offers an Associations Package with which local associations can let their members pay by bank card even without a website. Financing and investment products adapted to their needs are also available.

Some associations benefit in addition from the interest-paid-to-charity savings accounts and cards offered by CIC to its customers (see section 3.3).

Each year, CIC takes part in numerous association- and foundation-related exhibitions.

1.10. SOT45 - Ties with associations that assist people to transition into employment

Aside from the outsourcing of some work to ESAT centers for employment assistance to disabled workers, CIC has maintained its partnerships with associations that promote integration, including:

- in eastern France, CIC Est participates in the Trajectoires contest, the business creator talent competition organized by the Alexis-Lorraine entrepreneurial endowment fund, which aims to highlight the efforts of business creators;
- in the southwest, CIC Lyonnaise de Banque is a founding member of the Émergences de Lyon Foundation, which helps business projects emerge and structure themselves to achieve economic autonomy;
- in the northwest, CIC Nord Ouest is partner to the Lille Foundation "Scholarships of Hope" *(Bourses de l'Espoir)*, granted by the foundation as part of its efforts to promote equal opportunity, by supporting the career paths and commitments of individuals in the field of education and vocational training. In 2014, CIC Nord Ouest also took part in the two initiatives described below;
- in Switzerland, CIC Suisse supported the *travailPLUS* employment reintegration program of the Salvation Army.

Examples of partnerships with associations that assist people to transition into employment

ASSOCIATION	GOAL OF THE ASSOCIATION	ACTION
AGIR avec la Jeunesse Nord-Pas-de-Calais (NPC) endowment fund	Contribute to the vocational success, social promotion and citizenship of "motivated youth" in Nord-Pas-de-Calais.	Participation by CIC Nord Ouest in the sponsorship committee for the AGIR endowment fund with NPC youth.
La Sauvegarde du Nord endowment fund	Fund all initiatives sponsored by the La Sauvegarde du Nord association, with preference to those supporting vocational integration, social integration, integration via housing and the protection of children.	CIC Nord Ouest sponsorship.

1.11. SOT46 - Ties with environmental protection associations

In 2014, CIC Sud Ouest carried out the Plant a Tree operation in partnership with the Cœur de Forêt association: for each request for online statements, CIC Sud Ouest planted a tree in the framework of a reforestation project in Madagascar.

2 - SOT57 - Sponsorships, partnerships

2.1. SOT55 - Support for cultural and heritage conservation projects

CIC is partner to the Musée de l'Armée and actively supports the restoration work on the Hôtel National des Invalides. In 2014 it sponsored two temporary exhibitions: "Musketeer!" a collection of documents, items and objects connecting Alexandre Dumas's fictional characters in book and film with historical reality; and "Seen from the Front. Representing the Great War" which received the Centennial Label for the commemoration of the centennial of World War I, and examined how contemporaries perceived and represented the front.

It is also partner to *Victoires de la Musique Classique* and helps young virtuosos become known to a wider audience via concerts performed in particular at the Hôtel National des Invalides.

CIC created and supports the Aix-en-Provence Easter Festival, and purchased an exceptional cello that it makes available to Ophélie Gaillard, for whom it also finances records and concerts.

It also continues its partnership with the television shows *Le Grand Tour* and *Promenades Musicales* on France 3, and *Sur les pas de...* on France 5.

CIC also invests in promoting French culture and France's influence abroad via initiatives of Banque Transatlantique, sponsor and founding member of the Alliance Française Foundation.

It also sponsors various regional projects (see below).

... Social aspects

Principal regional cultural projects financed in 2014	Beneficiaries	Sponsors/Partners
FINE ARTS		
"Cathedrals, a modern myth: 1789-1914" exhibit	Rouen Fine Arts Museum	CIC Nord Ouest
"Nicolas de Staël, Northern Lights, Southern Lights" exhibit	André Malraux Modern Art Museum (Le Havre)	CIC Nord Ouest
"André Fougeron" and "Camille Claudel" exhibits	Roubaix La Piscine – André Diligent Art and Industry Museum	CIC Nord Ouest
	Musée de l'École de Nancy	CIC Est
Mezzanine Sud CIC'ART Prize awarded to the projects of four young artists from the southwest, enabling them to exhibit their work at the Toulouse museum of contemporary art (Mezzanine Sud space, Les Abattoirs)		CIC Sud Ouest
Musée des Beaux-Arts de Rennes projects	Musée des Beaux-Arts de Rennes endowment fund	CM-CIC Capital Finance
FINE ARTS AND MUSIC		
International Arts Festival of Saint-Agrève	Association Festival international des Arts de la Grange de Clavière	CIC Lyonnaise de Banque
MUSIC		
Musical projects	Lille Arpège and National Orchestra	CIC Nord Ouest
	Lille Opera	CIC Nord Ouest
2014 musical season	Hospice Comtesse Museum	CIC Nord Ouest
Musical projects	Rhine-Strasbourg National Opera	CIC Est
Besançon Franche-Comté Music Festival	Music festival	CIC Est
Colmar International Festival Vladimir Spivakov invites...	Colmar Tourism Office - City of Colmar	CIC Est
Support for Lyon Opera initiatives *Les Jeunes à l'Opéra* ("youth at the opera") and 2014 video transmission of an opera in the Rhône-Alpes region	Lyon Opera	CIC Lyonnaise de Banque
Aix-en-Provence International Festival of Lyric Arts	Association pour le Festival d'Aix-en-Provence	CIC Lyonnaise de Banque
"Saoû sings Mozart" Festival	Saoû sings Mozart	CIC Lyonnaise de Banque
Funding for certain projects of the Bordeaux National Opera	Arpeggio Association for the promotion of the Bordeaux National Opera	CIC Sud Ouest
Maguelone Music Festival	Les amis du Festival de Maguelone	CIC Sud Ouest
Basel Off Beat Jazz Festival	Off Beat Jazz Festival	CIC Suisse
Initiatives to provide access to music to socially disadvantaged, ill, disabled, elderly and other persons	Écouter pour mieux s'entendre Foundation	Banque de Luxembourg
THEATER		
	Compiègne Imperial Theater	CIC Nord Ouest
HISTORY		
"Rendez-vous with history" Festival in Blois (book fair, discussion, films, exhibitions) on the topic of rebels	European Center for the Promotion of History	CIC Ouest
ARCHITECTURE		
	Architecture and engineering foundation	Banque de Luxembourg

2.2. Actions in the solidarity field

This year CIC supported the Abbé Pierre Foundation as partner to the media operation dubbed "Abbé Road" which aimed to raise awareness and mobilize youth around the issue of poor housing, via a bus tour to French festivals throughout the summer which ended in Paris for a concert with famous artists performing.

It continued to participate in the Crédit Mutuel Foundation's "Together, let's rebuild Haiti" program (SOT48) to build housing (second tranche of 48 housing units).

2.3. SOT53 - Examples of CIC actions in other fields

- health: CIC Ouest is a founding member of the Pays de Loire Gene Therapy corporate foundation; Transatlantique Gestion committed with the Pasteur Institute in 2014 to support the program of the childhood disease research unit, in particular in the area of autism;
- social: CIC Nord Ouest partners with the Ludopital association which works to improve the experience of hospitalized children, CIC Suisse supports the *Kinderkrebshilfe Schweiz* association which supports and encourages families who have a child in cancer treatment;
- humanitarian action: CIC Lyonnaise de Banque supports the *Vendanges de Puyricard* Race organized in particular by *Terre de Partage,* Banque de Luxembourg and Friendship Luxembourg, which carries out projects in Bangladesh;
- education: CIC Nord Ouest sponsors the association *Entreprendre pour Apprendre* ("learn through enterprise"), CIC Lyonnaise de Banque organized a conference with APFÉÉ (association for equal opportunity at school) on the topic of succeeding at school, and another titled "Does a feminine view of our cities bring change?" with Terra Femina; Banque de Luxembourg also participated in a conference organized by Women in Business whose participation was donated to the association *Toutes à l'École* ("everyone at school"). CM-CIC Capital Finance supports the association *Papier de l'Espoir* ("paper of hope") whose purpose is to fund educational humanitarian initiatives around the world by collecting used paper which is sold for recycling.
- emerging projects: CIC Nord Ouest partnership with LMI Innovation, member of Initiative France, which supports and funds creators of innovative businesses in the Nord-Pas-de-Calais region, with *Réseau Entreprendre Nord* which assists with business creation and acquisition, financial support for the *1, 2, 3 Go Social* system which supports business projects with a social or solidarity purpose by Banque de Luxembourg, etc.

Participation by the group's companies sometimes goes beyond partnership with the desire to involve employees in the events organized by associations: creation of a CIC Nord Ouest employee team to participate in the most recent *Foulées de Bondues* race organized by *Ludopital,* CIC Lyonnaise de Banque employees in the *Vendanges de Puyricard* race.

2.4. SOT58 - Skills contributions

Some entities donate skills: the employees (in particular the branch directors) of CIC Lyonnaise de Banque participated via the IMS *Déployons nos Elles* ("spread our [female] wings") project in exchanges with youth from the René Cassini secondary school in Corbas to present the professions in the banking sector with a view to bringing down psychological barriers and stereotypes of professions as masculine or feminine. Banque de Luxembourg employees involved in solidarity and education projects can apply to the bank's Hëllef Hëllefen committee for a subsidy.

3 - A responsible product and service offer

3.1. SOT28 - Socially Responsible Investment (SRI) is promoted through meetings with customers of the regional banks hosted by the group's business lines

For SRI week, CM-CIC Asset Management organized a web conference for institutional clients and branch network financial advisors, with the goal of introducing SRI, and presenting the various SRI approaches and the characteristics of SRI compared with traditional investments. A conference was also held on October 16 at the initiative of CM-CIC Asset Management, taking the form of discussions around the topic "SRI and CSR: investing differently." Finally, the film produced to promote SRI week mentioned in section 6.4 of the employment aspects section was made available to customers on the CIC banks' websites.

The active and rigorous selection process by the sovereign issuers and companies of CM-CIC Asset Management is based on:

- excluding companies involved in manufacturing or selling antipersonnel mines and cluster bombs (Ottawa Convention and Oslo Treaty) as well as states that do not comply with international standards and agreements;
- selecting companies whose business contributes to sustainable development, by the nature of the company or its products and/or services;
- shareholder activism (monitoring controversies, liaising with companies to improve their social responsibility policy, systematically voting at shareholder meetings);
- the best in class approach: CM-CIC Asset Management's SRI approach rests above all on extra-financial analysis of companies based on environmental, social and governance (ESG) criteria, together with consideration of the company's social policy and commitment to a responsible approach. Specific features related to business sector are taken into account, and regular meetings are held with the companies' directors. Factors considered with regard to states are: legal framework, respect for fundamental freedoms, education and health, protection of the environment and living circumstances, economic well-being. This analysis is then compared to those of agencies specialized in socially responsible investment. A selection is made that retains only 50% of the initial securities, and then the fund portfolio is formed by selecting the securities presenting the best stock market performance potential.

CM-CIC Asset Management is:

- a member of the French SIF (Social Investment Forum) since 2004, and of EuroSIF (European Association of SIFs);
- a member of the CDP water program (former Carbon Disclosure Project) since 2010, involved in its carbon program since 2011 and its forest program since 2013;
- a member of the ICGN (International Corporate Governance Network) since 2011;
- a participant in the AFG-FIR transparency code since its creation;
- a signatory of the PRI (Principles for Responsible Investment) since 2012.

The CM-CIC Asset Management offer includes two SRI ranges:

- the best-in-class SRI funds certified by Novethic: *CM-CIC Actions ISR, CM-CIC Obli ISR, CM-CIC Moné ISR* for individual and institutional investors;
- the range of inter-company *Social Active SRI* funds, created by CM-CIC Asset Management and CM-CIC Épargne Salariale, approved by the Inter-Union Employee Savings Plan Committee (CIES);
- Dedicated SRI funds are also offered.

SRI is included in the weekly Economy and Markets newsletter distributed to CM-CIC Asset Management customers via the SRI blog.

Another fund, *BL Equities Horizon* (*Ethibel Excellence* certified), is offered by Banque de Luxembourg in partnership with VIGEO and Ethibel.

3.2. Responsible investment: a commitment by the capital division

In 2014, CM-CIC Capital Finance reinvested in a company that won the Human Resources Award in the Responsible Enterprises Trophy competition at the end of September. Another company in the portfolio was also honored, with the Initiatives for the City Award. Furthermore, CM-CIC Investissement is a shareholder in *LUCIE* which awards its CSR certification to organizations based on the ISO 26000 standard. The director of the *LUCIE* certification contributed as an expert to the December 2014 quarterly newsletter.

3.3. Support for solidarity savings

The interest-paid-to-charity savings account *(livret d'épargne pour les autres)* has received solidarity certification from *Finansol*. Either 50, 75 or 100% of annual interest is paid in the form of a donation to one to four partner associations working in the fields of humanitarian emergencies (Action contre la Faim, Secours Catholique [Caritas France], Médecins du Monde), children's aid (Petits Princes Association), social housing (Abbé Pierre Foundation, Habitat et Humanisme), or medical research (Curie Institute). In addition, use of the *Carte pour les Autres* entitles these same partners to a donation whenever purchases are made with this card.

CIC also offers a solidarity fund in support of employment, CM-CIC France Emploi *(Finansol* certified), for which half of earnings are donated to the association France Active, which supports and funds solidarity companies that create or consolidate jobs and people in employment difficulty who create their own company. Within the "Sociale Active" SRI range dedicated to employee savings, approved by the Inter-Union Employee Savings Plan Committee (CIES), four FCPE funds are solidarity funds *(obli solidaire, équilibre solidaire, tempéré solidaire, dynamique solidaire)*.

Banque de Luxembourg has launched two microfinance funds since 2010. A third fund was created in 2014: Capital Gestion - Impact Investing. This fund primarily invests in microfinance (70% at least of loans go to microfinance institutions) and grants loans to companies that generate a social or environmental impact.

3.4. Insurance: promoting green driving

In the area of automobile insurance, CIC offers attractive policies dedicated to people who drive less than 6,000 km per year. As part of the *Auto Jeunes CIC* range, a one-day "Prevention Day" training course is offered to customers between the ages of 18 and 25. It is taught by road safety specialists and develops the proper reflexes for difficult driving situations. Completing the course gives access to a reduced rate for car insurance.

3.5. SOT39 - Support for persons experiencing difficulties

Via the charter for banking inclusion and prevention of insolvency provided for in the banking act of July 25, 2013 and applied by the decree of November 5, 1914, CIC is committed to early identification of customers in situations of financial distress, and to providing personalized support. This charter supplements the specific offer for customers in financial difficulty implemented in October 2014 (CIC welcome service).

3.6. Budget management assistance

The CIC Alerts application can help with better budget management via email or text alerts concerning account(s) (balance, transactions, etc.), payment transactions, and payment instruments (payment card balances, etc.), where the customer can configure frequency, thresholds and types of alerts. CIC also makes it possible, upon examination, to group together several existing loans into a single loan to facilitate tracking with a single monthly payment and a single point of contact.

4 - Financing of projects of an environmental nature

4.1. SOT59 - Specific products

In addition to the zero-interest eco-loans for certain specific energy performance improvements in older residential buildings, long-term and short-term sustainable development loans are available for improvements to buildings that are more than two years old eligible for the tax credit (total envelope of €6 million and €15 million, respectively). The Eco Energy Loan in the Alsace region is an additional product, based on a partnership signed in the second half of 2014. Moreover, CIC proposes housing insurance that covers renewable energy installations (heat pumps, geothermal and aero-thermal equipment, photovoltaic solar panels, etc.) along with the properties where they are installed. It also offers electricity generation civil liability coverage for the sale of electricity from declared photovoltaic panels.

4.2. SOT60 - Financing of programs and major projects

The projects financed in the regions in 2014 were primarily photovoltaic farms and other energy savings work.

The CIC group took part in larger projects in France and abroad in various fields (see section 6).

5 - SOT72 - Financing of projects of a social nature

CIC can contribute to putting together financing for the construction of social housing: CIC proposes an efficient solution to social housing management companies for processing collections on payment notices for rents and fees with *CIC Dynaflux AdB* and the Euro TVS subsidiary.

6 - SOT88 - Risk management

CIC is aware of the social and environmental impacts of the activities of the companies to which it grants loans.

To enhance controls of social and environmental risks, a program was initiated by the financing bank. Beginning in 2014, all new financing granted to projects was analyzed more formally by the relevant management, with preparation of an annual report.

In 2014, the CIC project financing department financed 23 projects, including ten in renewable energies (two solar farms in the USA and one in France, six wind farms in France and one offshore wind farm in the Netherlands), five European telecom infrastructure projects, several other infrastructure projects including an airport in Australia, an electricity distribution network in Finland and, in France, a heat network, a wastewater collector and a stadium. Finally, in the area of natural resources, one LNG* terminal project in the USA and one for a uranium enrichment plant in France.

CIC applies an internal evaluation methodology that utilizes the Equator Principles classification scale.

- *category A projects:* projects with potential significant adverse social or environmental impacts which are diverse, irreversible or unprecedented;
- *category B projects:* projects with potential limited adverse social or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures;
- *category C projects:* projects with minimal or no adverse social or environmental impacts.

The 23 projects are categorized as follows: 1 in category A; 17 in category B; 5 in category C.

Projects are selected on the basis of a set of criteria that incorporate inter alia social, environmental and ethical factors in selected business sectors and countries.

Particular attention is paid to social utility factors (for example, how strategic a project is for a country, the alignment of the interests of the various stakeholders and the overall economic rationality of the project are analyzed), local acceptance (known opposition of environmental defense groups or the local population, noise pollution, landscape impacts, etc.), and environmental criteria (compliance with current and foreseeable standards). In all cases, portfolio projects at the least comply with local laws and, in general, with the World Bank's minimum requirements.

In the anti-corruption area, conditioning disbursement of the funds on satisfactory completion of KYC** procedures and on obtaining a certificate issued by a trusted third party (Independent Technical Expert) is a powerful mechanism for controlling the reality of expenditures.

The department's internal strategy is to focus on sectors it knows well and whose collective utility arises from meeting basic needs (supply or production of energy, means of communication, telecommunications, leisure activities, conversion industries and public service concessions).

Ordinarily, the department finances projects in countries where political and solvency risk is limited (i.e., "designated countries" within the meaning of the Equator Principles). When it does business in more fragile countries, both politically and with respect to environmental standards, it partners with banks that have signed the Equator Principles or with multilateral agencies.

For all of these projects, social and environmental impacts are not only taken into account when the operation is chosen, but also monitored throughout the life of the project (for example, obligation to have an independent engineer monitor the construction stage and its environmental impact if justified by the size of the project; contractual obligation imposed on the borrower to comply with standards and future amendments thereto).

7 - A relationship grounded in respect for customers

7.1. SOT73 - Focus on providing quality service

7.1.1. External surveys are conducted regularly to measure customer satisfaction. Thus, in 2014, CIC conducted a study of customer relationship terminations. Another survey addressed the quality of service by Aidexport, the CIC subsidiary that supports companies with their international development: customers as well as international sales representatives responded to a satisfaction survey. CIC also participated in a satisfaction survey of individual customers launched by several banks jointly and conducted by TNS Sofres.

7.1.2. Customer relationship managers are not paid commissions on the sales of products they offer.

7.1.3. Seeking optimal responsiveness: customer relationships are enhanced by the natural complementarity of face-to-face interactions with customer relationship managers and the various other channels (telephone, web, email). In particular, the practice of communicating via secure messaging (offering an optimal level of confidentiality) and allowing customers, at their initiative, to set appointments directly, are efficient and appreciated features, particularly due to the availability of remote banking applications that can be accessed on the different smartphone and tablet platforms, as well as at ATMs.

Expansion of electronic document management (EDM), through the *Filbanque* online service, provides customers with round-the-clock online access to their various contracts, account statements, etc. (which are stored for ten years). This makes it easier to review these documents while at the same time contributing to CIC's efforts to reduce paper consumption. An electronic safe stores these documents with complete confidentiality and security, in addition to other important personal documents the customer might add.

New secure, easy, fast and practical offers were launched in 2014, such as:

- *Fivory:* the CM11 group including CIC proposes a "connected shopping" solution that enables payment via smartphone on the Internet, as well as with retailers. Users download the application to their mobile phone and choose the payment cards they want to use, no matter the bank involved. Retailers can create and run loyalty programs and generate personalized offers, in particular via customer geolocation. Customers pay for their purchases with a single click on their smartphone, in the store, on the website or in a mobile app.

* LNG: Liquefied natural gas.
** KYC: "Know Your Customer".

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• *Fid et Moi:* a new solution was implemented in the network in the last quarter of 2014, enabling small retailers to propose dedicated offers to their customers in real time via recognition of their payment card by the store's payment terminal.

• *Monetico Mobile:* this is a new, very lightweight bank card reader which, together with the retailer's smartphone or tablet can accept mobile payments in complete security. It targets vendors and service providers who sell from mobile locations or in customer homes.

• *Monetico Resto:* this is an offer of electronic meal certificates in the form of a personal, prepayed payment card, which can be recharged monthly by the employer and is accepted at all payment terminals of affiliated restaurants and retailers throughout France.

7.1.4. Bank accessibility: this takes the form of an alternative payment offer for customers not authorized to use checks (in particular a payment card requiring systematic authorization), as well as customers who are insolvent or otherwise in financial difficulty. Renovations were also completed to improve branch accessibility to people with disabilities, the ATM fleet was adapted for users with vision impairments, with almost 82% of terminals now accessible, and account statements and checkbooks are available in braille. CIC also offers individual customers its e-Withdrawal service, with which holders of a remote banking contract can withdraw cash if they forget their card or it is malfunctioning. A single-use virtual card enables them to complete a withdrawal anywhere in France at CIC and CM11 ATMs.

7.2. SOT74 to SOT78 - Ombudsman

Customers may request that the CIC ombudsman examine any disputes that come within the scope of his authority and issue a binding opinion. In 2014, 1,397 requests (+1.5% compared to 2013) were submitted to the ombudsman, 64% of which were within his jurisdiction. 73% of responses were made within a period of less than one month, and 59% were partly or wholly in customers' favor.

7.3. SOT79 - Fair operating practices

CIC is a subsidiary of Crédit Mutuel, whose development model is based on the values of solidarity, community and social responsibility.

7.3.1. Actions undertaken to prevent corruption

CIC applies the provisions of the code of ethics common to the CM11 group. This code, which incorporates the good conduct rules that employees must observe, particularly vis-à-vis customers, is based on compliance with the following general principles:

• serving the best interests of customers;
• strictly observing confidentiality rules;
• carrying out their duties with rigor and professionalism;
• acting with integrity at all times.

Employees who perform "sensitive functions", in particular within capital markets activities, financing and investment, portfolio management and financial analysis, and who are exposed to conflicts of interest or who are in possession of confidential information, are subject to strict rules governing and, in particular, restricting their personal transactions. Management is required to ensure compliance with these principles, and application thereof is regularly verified by the control departments.

This code was supplemented with anti-corruption provisions as well as specific documents on information system security and combating violence and harassment in the workplace.

CIC has implemented anti-money laundering and terrorist financing measures that comply with regulatory requirements and are tailored to the risks generated by its various activities, both in France and abroad. These measures comprise a set of procedures and tools that are applied by staff who are specially trained and employed in the detection of suspicious transactions. These measures are themselves subject to internal controls and regular assessment by the supervisory authorities.

In this context, CIC's objective is to comply with regulatory requirements, which consist of:

• having the highest level of knowledge of its customers and their transactions and assessing money-laundering risks with the aim, where relevant, of avoiding entering into a business relationship with any customer whose identity or activities are ill-defined;

• carrying out monitoring proportional to said risks, based on the type of customer, location, products and distribution channels, of the origin of the funds deposited and/or the transactions executed on behalf of each customer, in order to detect unusual or atypical transactions;

• strictly complying with embargos and international sanctions adopted by the UN, the European Union and France;

• ensuring compliance with regulatory requirements and internal standards by performing appropriate tests and formalizing such procedures;

• involving all staff in money laundering prevention by means of regular training and awareness initiatives.

The aim of the various components of the control system (periodic, permanent and compliance) is to ensure the consistency of the procedures implemented, their correct application and the coverage of risks. It relies, in particular, on "anti-money laundering" officers who, within each group entity, both in France and abroad, are responsible for the ongoing monitoring of transactions, preparing regulatory reports and contributing by their actions to heightened vigilance by all staff.

CIC does not operate in so-called "non-cooperative" countries or territories, the list of which is published on a regular basis by the French government.

(3) Banks and Banque Transatlantique scope.

Transactions that customers may carry out involving countries that the Financial Action Task Force (FATF) identifies as having inadequate provisions in this respect are also subject to reinforced monitoring measures.

In connection with its marketing of products and services, CIC implements the recommendations of the commercial practices division of the French Prudential and Resolution Supervisory Authority (ACPR), in particular with respect to handling complaints, the procedure for which is described on CIC's website. The group regularly raises employee awareness of customer protection topics, in particular for customers with financial difficulties.

7.3.2. SOT80 - Measures taken to increase customer health and security

In the area of health, via its insurance business, CIC offers individual health, death and disability and long-term care insurance policies for individuals and non-salaried workers, and group policies for companies. The *Avance Santé* card can be used by policy holders to pay for medical costs without needing to advance the funds. CIC also proposes a remote assistance service, *Senior Assistance CIC,* to help isolated or medically fragile people remain independent and in their homes. In terms of security, additional features were added to the Theft Protection offer (protection of people and property) in 2014, such as smoke detection. Concerning internet security, information summarizing best practices and recommended actions are available to customers on the CIC website homepages. Internet application security systems have also been developed, combining a personal code card and an additional code sent via email or text. Euro Information, the CM11 group's IT subsidiary, constantly monitors delinquent practices in remote banking services. Security of private customer data and processing compliance are subject to the rules of the French National Commission on Information and Freedoms (CNIL). The adoption of a Clean Desk Policy charter for the classification and protection of physical data is starting to be developed in the group's entities (Banque Transatlantique in 2014). This charter defines physical data, classifies information according to confidentiality and protection need criteria, and provides instructions for conservation and destruction.

8 - SOT81 - Subcontracting and suppliers

A significant share of purchases is made through business centers that supply the CM11 group, such as Euro Information, Sofedis and CM-CIC Services.

The latter, which is responsible for logistics, incorporates CSR aspects into its calls for bids from general supplies purveyors, with a particular focus on illegal labor, and requests service providers to report on their CSR actions at each business review meeting (at least annually, but usually every six months). In 2014, CM-CIC Services commissioned a company to inventory the mandatory documents in the framework of the illegal labor vigilance requirement.

Concerning Euro Information, the supplier purchase circuit is a process monitored in the framework of the quality management system. This global quality system has been assessed and deemed compliant with the requirements of ISO 9001: 2008. Purchasing complies with group rules on contract signature, in particular the group ethics charter and the mandatory contract clauses. Certain key and sensitive suppliers are monitored more closely. The purchasing department requests suppliers' CSR reports in order to know their CSR policy.

9 - SOT82 - Human rights

CIC commits to respect human rights, in particular the rights covered by the main ILO conventions (see section 5.5 of the employment aspects). Numerous initiatives to raise awareness among young people are also carried out in this area. CIC Est thus formed a partnership with the association *Regards d'Enfants,* with the purpose of informing, training and educating children in citizenship and human rights. Similarly, 200 young people were present for the planting of a "Human Rights Tree" in front of the International Human Rights Institute in Strasbourg in early April. Other actions in the area of solidarity, humanitarian aid and education were undertaken by CIC in 2014 (see sections 2.2 and 2.3 of the social aspects – sponsorships and partnership section).

Environmental aspects

ENV01

The corporate social responsibility project is supervised by Confédération Nationale du Crédit Mutuel (CNCM). The design and development of a tool for collection of quantitative data continued in 2014. Wherever possible, data is automatically entered into this tool from group applications.
Working groups are also sometimes formed in the CIC entities, which in particular launch internal employee awareness initiatives via intranet, internal newsletters and activities (quiz, calendar with eco-tips, e-waste recycling campaign, tours of electrical and electronic equipment processing plants, etc.).
Due to a highly decentralized organization, at this time, the calculation of human resources devoted to CSR can be approximate only.

ENV02

Relations with stakeholders are handled at various levels: at the federation level in the case of non-financial rating agencies and NGOs, and partly at the level of the group's business line centers in the case of relations with certain suppliers (logistics, IT), and at the group level or at the level of each entity in the case of other suppliers, customers and employees.

1 - Reducing the environmental footprint

CO_2 emissions are monitored in a greenhouse gas emissions audit, which was carried out for the first time with respect to emissions in 2011 by each bank in the banking network. This task will be repeated in December 2015, with publication of 2014 emissions shortly.
To reduce the impact of its activities, CIC commits to:

1.1. ENV03 - Measuring and reducing or optimizing energy consumption in buildings

CO_2 emissions are monitored annually in a greenhouse gas emissions audit, which was carried out for the first time with respect to emissions in 2011 by each bank in the banking network. To prepare for national tenders with the end of regulated rates on the natural gas and electricity markets, CM-CIC Services has conducted inventories of the buildings concerned and improvements to the electricity meters, which will continue in 2015 and enable improved tracking of consumption.
In general, the group does not use renewable or "green" energy, except through its use of municipal heating and cooling systems, particularly in the Paris area and northern France (Lille, Roubaix), and at the CIC Lyonnaise de Banque head office, where the geothermal equipment is serviced regularly to improve its efficiency (ENV38).
Measures have been taken to improve building energy efficiency, such as heat insulation work on the roof of the CIC Est Haussmann building in Paris and the renovation of an urban heating substation in CIC's Gaillon building in Paris.
The laws, regulations and standards in force are applied when retail branches or central buildings are created, transferred or undergo major renovations.
Additional systems are implemented to reduce energy consumption: lighting presence detectors; replacement of light bulbs with LED lighting; complete overhaul of elevator engine systems with speed regulators that aim to reduce elevator electrical consumption by 30% (ENV40), etc.
CIC Nord Ouest has continued the program to readjust electricity contracts to real needs, which was launched in mid-2013.
In 2014, CM-CIC Services and Euro Information developed a tool for technical management of the group's buildings to optimize building energy consumption. This tool is currently being tested. Furthermore, CM-CIC Services Immobilier is currently considering the manner in which it will apply Act no. 2013-619 of July 16, 2013 adopting various measures to conform with European Union law in the sustainable development field (DDADUE Act), which requires major companies to conduct a first energy audit before December 5, 2015 (ENV41).

1.2. ENV37 - Travel optimization

Corporate travel plans have been adopted by CIC Est (limited to the Wacken head office in Strasbourg); by CIC Ouest for the head office in Nantes (corporate travel plan adopted jointly with other group entities, including CM-CIC Bail), and by CIC Nord Ouest for greater Lille.
Elsewhere, for travel between work and home, the use of public transportation, bicycles and carpooling is encouraged. The same is true for online meetings which serve to limit travel.
Furthermore, the tax on private vehicles in the CIC and regional banks scope has dropped more than 16% with a less polluting car fleet. With respect to training, modules enable employees to receive training at their workstations, without the need to travel.

1.3. ENV39 - Reducing resource consumption

Given its business, CIC's actions primarily concern water and paper.
Systems are in place to streamline water consumption: presence detectors, restricted water flow, water fountains connected to water faucets rather than supplied by water bottles that must be transported, installation of aerators on faucets, automated sprinkling, etc. In 2014, CIC Nord Ouest also completed a program to detect and remedy abnormal water consumption.
Concerning paper, the CM11 group is a major user of La Poste's "green" mailing options (i.e., mailing that does not use air transportation or night work), with a ratio of 80% green stamped mail to total mail.
CIC works to reduce paper consumption: two-sided default configuration for document printing, electronic document management, promotion of electronic account statements (digital statements accessible on the web have replaced paper statements for around one million customers), dual screens at certain workstations to work directly on digital documents, testing of the electronic signing of contracts on tablets in the branch network, deployment of a Clean Desk policy that includes in emails a request to limit printing.
The development of remote banking opens up new possibilities for reducing paper consumption with electronic signatures: CM-CIC Factor, subsidiary specialized in receivables management and factoring, is the only player in the market to propose a 100% electronic customer mail option (E-pack) in its microenterprise-SME factoring offer, which enables electronic document transmission, real-time cash management, contract monitoring and analysis and reliable and secure data transfer.
ENV43 - Furthermore, since 2013, most group employees can opt for an electronic pay slip.
Initiatives are also implemented to encourage employees to use recycled or PEFC or FSC certified paper.
Expanding paper recycling in the branch network in particular is another objective for the CIC group. Waste sorting will thus begin in the CIC Sud Ouest branches in 2015, following a call for tender in 2014.

Concerning recycling of computer equipment, Euro Information Services uses parts from decommissioned equipment to extend the life of older equipment that is still in use. A recycling solution is offered for telephones sold to customers. Additionally, an operation to recycle electronic waste was implemented in Singapore, with the installation of a dedicated collection point.

2 - ENV42 - Actions vis-à-vis suppliers

Particular attention is paid to the CSR policy of direct suppliers. PEFC certification (a forest certification program that promotes sustainable forest management) for printers, and *Imprim'Vert* certification (implementation of actions to reduce the environmental impacts of business activities), are considered, for example, as well as logistics and IT business function centers (terms of reference, annual reviews in the case of general supplies, for example). However, in light of economic or technical constraints, this cannot in all cases be a decisive factor in the choice of suppliers.

3 - ENV45 - Measures taken to limit environmental impacts: Protection of the natural environment, discharges into the air, water and soil, noise pollution, offensive odors and waste

While the group's businesses have no significant impacts in this area, some initiatives are in place (paper and ink cartridge recycling, sorting, heat and sound insulation when air conditioning is installed).
Furthermore, Banque de Luxembourg contributes financially to climate protection projects initiated around the world by the *myclimate* association.

4 - ENV49 - General environmental policy - ground use

The group's businesses have no significant impact on ground use.

5 - ENV50 - Measures taken to develop and preserve biodiversity

These are taken at the level of the business lines by considering employment and environmental criteria in the financing of large projects (respect for protected zones) and in investments made by CM-CIC Capital Finance and its subsidiaries in certain sectors, and CM-CIC Capital Innovation support for a company whose goal is to produce gaseous parapetroleum molecules from renewable resources, and in particular from non-food agricultural sources, or CM-CIC Capital Finance support for a company that works to collect, sort and recycle clean and dry waste.
They are also applied at the level of suppliers via the use of green cleaning products, and at the customer level by collecting old telephones in the branches.
In addition, the roof of the Royal branch of the Banque de Luxembourg is a green roof that offers the advantage of creating a microsystem that fosters biodiversity.

Governance aspects

Governance aspects are discussed in the "corporate governance" section (page 41).
Various indicators supplement the foregoing approach.

INDICATORS

Methodology

Generating CSR indicators is part of a larger process of obtaining information and communicating about the actions of CIC entities and their contributions to society in general.
CIC uses a measurement and reporting methodology that was prepared and updated by a national social and environmental responsibility working group that includes the various Crédit Mutuel regional federations and principal subsidiaries of the Crédit Mutuel group.
This methodology establishes the rules for collecting, calculating and aggregating indicators, determining their scope and deciding on controls to be carried out.
In particular, the process adopted for the methodology is based on:
- Article 225 of the Grenelle II Act;
- the NRE Act;
- performing greenhouse gas emission assessments (Decree 2011-829 of July 11, 2011);
- the ILO;
- the OECD guidelines;
- the Global Compact (member since 2003);
- the Principles for Responsible Investment (PRI);
- the Global Reporting Initiative (GRI);
- the transparency code of the French Financial Management Association – Responsible Investment Forum (AFG-FIR);
- Transparency International France;
- the stamp of approval granted by the Inter-Union Employee Savings Plan Committee (CIES);
- *Novethic* Socially Responsible Investment (SRI) certification;
- *Finansol* certification for solidarity products;
- regular exchanges with stakeholders.

Requirements focus on four major areas:

Employment
- jobs;
- organization of working time;
- labor relations;
- health and safety;
- training;
- diversity and equality of opportunity;
- promotion of and compliance with the provisions of the ILO's fundamental conventions in employment matters.

Social issues
- geographical, economic and social impacts of the company's business;
- relationships with persons or organizations affected by business activities;
- subcontracting and suppliers;
- fair operating practices;
- other actions taken to promote human rights.

The environment
- general policy on environmental matters;
- pollution and waste management;
- sustainable use of resources;
- energy consumption, measures taken to improve energy efficiency;
- climate change;
- preservation of biodiversity;

Governance.

Reference periods for data collected

Data corresponds to the calendar year, with the exception of environmental data, which, in some cases, covers the period from December 1, 2013 to November 30, 2014.

Scopes and principal management rules

As stated in the environmental section (ENV01) immediately prior to this description of methodology, several data collection projects were undertaken in 2013.
However, for certain non-material indicators, the information collected was not deemed sufficiently reliable or no information was available, in which case it was considered preferable to list no data at all. These indicators are marked "Not available" in the quantitative tables on pages 234 to 242.

Employment indicators

The entities included in the scope are:
- mainland France CIC;
- banks and consolidated French subsidiaries. More detailed information on the consolidation scope is available in note 2a of the notes to the consolidated financial statements (page 136).

Compared with 2013, in 2014 only the entities in the consolidated scope were included, i.e. excluding CM-CIC Capital Privé (nine people), Aidexport (nine people) and CM-CIC LBO Partners (six people).
The 2014 scope takes into account the deconsolidation of SNC Saint-Pierre (four people), the disposal of CM-CIC Gestion (151 people in 2013) and the entry into the scope of CM-CIC Capital Finance et Participations (seven people).
This scope covers 92% of the CIC group's employees.
Employment data are taken from the group's HR information system.
Most indicators concerning the workforce are expressed in numbers of employees "recorded" on the payroll. Indicators include employees under all types of employment contracts, including summer worker contracts and contracts of service staff not covered by the AFB collective bargaining agreement.

Social indicators

The scope includes the banking network and Banque Transatlantique.
Figures are taken from the group's management control information system, except data on microloans (sources: *France Active Garantie* and *France Initiative Network)*, data monitored by the savings division of Euro Information Développement – donations made to associations pursuant to interest-paid-to-charity savings accounts (LEA) – and data on the work of the ombudsman taken from the *SARA* tool.
The patronage and sponsorships budgets have been calculated by inventorying the budgets of the various entities within the scope.

Environmental indicators

The scope includes:
- mainland France CIC;
- banks and consolidated French subsidiaries.

Data on:
- water and energy use: data is calculated on the basis of invoices recognized in the accounts, direct meter readings, data provided by utilities, and estimates made on the basis of statistics provided by the National Water Research Institute and the *Pégase* database of the Ecology, Sustainable Development and Energy Ministry;
- paper consumption for in-house use: this is calculated on the basis of information provided by Sofedis (purchasing platform), CM-CIC Services for photocopying activities, external suppliers, if applicable, and the department in charge of magazine subscriptions;
- paper consumption for external use: aside from Sofedis data, information transmitted by the entities of the group IT division is included: Euro Information Production and Euro P3C (mailing checkbooks, credit cards and account statements) and other suppliers, in particular with respect to the preparation of communication documents;
- travel: the number of kilometers traveled by the automobile fleets and the number of liters of diesel and gasoline consumed by these fleets were estimated using information provided by CM-CIC Services, which manages the fleets, on the basis of data obtained from fuel payment cards and internal monitoring actions by the fuel-consuming entities.

Energy consumption reduction objectives and actions planned to continue reducing energy consumption are listed below:
- information provided to employees on environmentally friendly actions;
- incorporating energy efficiency measures into the design of new branches in compliance with standards in force, as well as when older branches are refurbished;
- use of lighting systems that consume less energy and gradual replacement of standard light bulbs with energy efficient light bulbs.

Paper consumption is closely tied to the volume of commercial activity (number of customers and products sold): the reduction objective is to use 10% less paper.
The company has already taken the following actions:
- encouraging account statements and other documents to be sent electronically to customers;
- promoting use of the website and expanding the range of services available on the site;
- encouraging e-mail exchanges with customers;
- expanding use of electronic documents in-house;
- use of printers able to print on both sides of the page.

Governance indicators (not required by the Grenelle II Act)

The data provided is for CIC in its capacity as the group's holding company.

2014 Corporate Social Responsibility Report
Employment information

Mainland France CIC

Indicators		Mainland France CIC 2014	2013-2014 scope	2013 published	Comments
WORKFORCE					
SOC01_bis	Individuals recorded as members of the workforce	**18,813**	18,903	19,082	
	Of which, managerial staff	***8,276***	*8,176*	*8,336*	
SOC05	*Of which, non-managerial staff*	***10,537***	*10,727*	*10,746*	
SOC06	*Of which, men*	***7,714***	*7,767*	*7,904*	
SOC07	*Of which, women*	***11,099***	*11,136*	*11,178*	
SOC08	*Of which, permanent*	***18,082***	*18,304*	*Not available*	
SOC08 _ Non-managerial	*Of which, permanent non managerial*	***9,831***	*10,143*	*Not available*	
SOC12	% of employees on permanent contracts	**96.1%**	96.8%	Not available	
	Age pyramid (individuals)	**18,813**			
SOC88	Under 25	**1,142**			Modified age ranges.
	Of which, men	***430***			
SOC89	*Of which, women*	***712***			
SOC90	25 - 29	**2,359**			
	Of which, men	***797***			
SOC91	*Of which, women*	***1,562***			
SOC92	30 - 34	**3,076**			
	Of which, men	***1,117***			
SOC93	*Of which, women*	***1,959***			
SOC94	35 - 39	**2,626**			
	Of which, men	***970***			
SOC95	*Of which, women*	***1,656***			
SOC96	40 - 44	**1,948**			
	Of which, men	***830***			
SOC97	*Of which, women*	***1,118***			
SOC98	45 - 49	**1,650**			
	Of which, men	***750***			
SOC99	*Of which, women*	***900***			
SOC100	50 - 54	**2,428**			
	Of which, men	***1,066***			
SOC101	*Of which, women*	***1,362***			
SOC102	55 - 59	**2,793**			
	Of which, men	***1,317***			
SOC103	*Of which, women*	***1,476***			
SOC104	60 and over	**791**			
	Of which, men	***437***			
SOC105	*Of which, women*	***354***			
	Data in FTE				
	Total employees	**18,488**	18,561	18,737	FTE (full-time equivalent) employees recorded as members of the workforce as of December 31: • regardless of the type of employment contract (fixed-term / permanent / work-study / summer workers); • including if the employment contract has been "suspended" without any compensation being paid. Excluding interns working under an internship agreement. Excluding temporary workers and external service providers. Persons on disability leave are included.

Indicators		Mainland France CIC 2014	2013-2014 scope	2013 published	Comments
SOC02	*Of which, in France*	***18,466***	*18,541*		
	Of which, abroad	***22***	*20*		
WORKFORCE - CHANGES					
	Entries - Recruitment				
SOC13	Total individuals hired	**3,927**	3,352	3,367	All types of contracts (fixed-term – permanent – work-study – summer workers). Including conversions of fixed-term or temporary contracts into permanent contracts. Excluding interns and temporary workers.
SOC15	*Of which, women*	***2,466***	*2,133*	*2,137*	
SOC16	*Of which, on permanent contracts*	***996***	*593*	*603*	
	Dismissals and grounds therefor				
SOC19	Number of employees on permanent contracts who left the organization (individuals)	**1,120**	1,072	1,078	The following situations are deemed to end a permanent employment contract: resignation, termination during a probationary period (at the initiative of the employer or employee), termination by mutual agreement, dismissal, mobility within the group, retirement. Including death.
SOC20	*Of which, dismissals*	***110***	*100*	*100*	*Regardless of the grounds: disciplinary (just cause, gross negligence or willful misconduct) / layoffs / personal factors (inability to perform work required). Including settlement agreements preceded by a notice of dismissal. Excluding termination by mutual agreement.*
SOC27	Turnover	**2.5%**	1.9%	2.2%	Resignations + dismissals + end of probationary periods + termination by mutual agreement / Average monthly workforce (individuals).
ORGANIZATION, WORKING HOURS AND ABSENTEEISM					
	Organization of working time				
SOC29	Number of full-time employees (individuals)	**17,621**	17,644	17,815	Permanent and fixed-term employees whose working time is equal to the statutory work duration in the country: • 35 hours per week or 151.67 hours per month for non-managerial employees; • full-time (unreduced) work duration defined in days for managerial employees.
SOC30	Number of part-time employees (individuals)	**1,192**	1,259	1,267	Permanent and fixed-term employees whose working time is less than the statutory work duration in the country: • less than 35 hours per week or 151.67 hours/month for non-managerial employees; • full-time (reduced) work duration defined in days for managerial employees.
SOC31	% of full-time employees	**93.7%**	93.3%	93.4%	%
SOC32	% of part-time employees	**6.3%**	6.7%	6.6%	%

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Indicators		Mainland France CIC 2014	2013-2014 scope	2013 published	Comments
	Absenteeism and its causes				
SOC38	Total number of days of absence, in working days	**217,895**	219,172	219,897	Applies to days of absence of the entire workforce, regardless of employment contract (permanent / fixed-term / work-study). Excluding interns and temporary workers. Excluding paid vacation days or days off under collective bargaining agreements (compensatory days pursuant to the reduction in working hours statutes, seniority, etc.). Absenteeism includes sick leave, maternity/paternity leave and absences due to workplace / commuting accidents.
SOC39	*Of which, due to sickness*	***146,150***	*151,394*	*151,723*	*Excluding occupational illnesses.*
SOC40	*Of which, due to workplace accidents*	***4,836***	*3,901*	*4,023*	*Including commuting accidents and occupational illnesses.*
SOC43	Number of occupational illnesses reported	**0**	8	8	Illnesses recognized as occupational illnesses by the social security office in charge of medical insurance (CPAM).
	Health and safety conditions				
SOC44	Number of lost-time workplace accidents reported	**93**	102	107	Workplace and commuting accidents reported to CPAM (and considered as such by CPAM) that resulted in lost time, regardless of the number of days. Excluding workplace or commuting accidents that did not result in any lost time.
COMPENSATION AND ITS PROGRESSION					
SOC73	Gross payroll (€)	**789,177,144**	792,431,099	804,267,417	Total gross compensation of the establishment's employees (excluding employer's share of social security contributions). Compensation equals salaries and bonuses paid during the relevant year to all employees.
SOC107	Total gross annual compensation paid to employees on permanent contracts (€)	**775,375,550**	780,783,352	792,548,446	Employees on permanent contracts only – All categories of employees, including executive management.
SOC108	Total gross annual compensation paid to non-managerial employees on permanent contracts (€)	**292,159,718**	301,110,248	301,742,914	
SOC109	Total gross annual compensation paid to managerial employees on permanent contracts (€)	**483,215,832**	479,673,104	490,805,532	
SOC80	Total social security contributions paid (€)	**543,021,793**	545,314,388	552,481,114	Employer's share of social security contributions only.
TRAINING					
SOC46	Amount of payroll spent on training (€)	**39,152,942**	38,934,980	39,281,436	2013 - revised definition: Gross yearly payroll subject to social security contributions: total gross annual salaries of interns + total bonuses paid for the year + employer's share of social security contributions + education expenses of training (expenses pursuant to agreements, accommodations, meals, etc.) + transportation. Excluding payments to training organizations (OPCA, FONGECIF, etc.).

Indicators		Mainland France CIC 2014	2013-2014 scope	2013 published	Comments
SOC47	% of payroll spent on training	**5.0%**	4.9%	4.9%	
SOC48	Number of employees who completed at least one training course (individuals)	**14,419**	13,259	13,402	2014: including CM-CIC Securities (72 people).
SOC49	% of employees who received training	**76.6%**	70.1%	70.2%	%
SOC50	Total number of hours spent on employee training	**557,764**	581,835	554,832	Including e-learning.
EQUALITY OF OPPORTUNITY					
	Gender equality in the workplace				
SOC59	Number of permanent female managerial staff (individuals)	**3,515**	3,421	3,456	
SOC60	% of managerial staff who are female	**43%**	42%	41%	
SOC61	Number of managerial staff promoted to a more senior position during the year (individuals)	**202**	194	Not available	
SOC62	*Of which, women*	***54***	*66*	*Not available*	
SOC63	% of managerial staff promoted who are female	**27%**	34%		
	Employment and integration of disabled people				
SOC68	Number of disabled workers	**408**	427	427	Number of persons with disabilities (reported and recognized disabilities) within the entity, as a number of "individuals" and not full-time equivalent employees or "beneficiary units" [concept defined in the Mandatory Declaration of Employment of Disabled Workers (DOETH)].
SOC71	% of the total workforce who are disabled	**2.2%**	2.3%	2.2%	
LABOR DIALOGUE					
	Promotion of and compliance with the provisions of the International Labor Organization's fundamental conventions				
SOC67	Number of convictions for the crime of obstructing the functioning of employee representative institutions (in France)	**0**	0	0	Final judgments only (not subject to appeal).
SOC78	Number of meetings with employee representative institutions (works councils, health, safety and working conditions committees, employee representatives, union representatives, etc.)	**Not available**	Not available	Not available	Due to their size, certain entities are not required to have employee representative institutions.
SOC79	Number of information procedures conducted with employee representative institutions (works councils, health, safety and working conditions committees, employee representatives, union representatives, etc.)	**Not available**	Not available	Not available	

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Banking network and Banque Transatlantique

Indicators		2014	2013	Comments
GEOGRAPHICAL, ECONOMIC AND SOCIAL IMPACTS				
	Geographical impact			
SOT01	Number of banking network retail branches	**2,047**	2,067	
SOT01A	Other retail branches	**1**	1	Banque Transatlantique.
SOT07	% of retail branches in rural areas in France	**Not significant**	Not available	Rate of presence in agglomerations of less than 5,000 residents.
SOT08	% of urban free trade zones covered by retail branches	**25.8%**	25.8%	The indicator used applies only to urban free trade zones in mainland France, as defined by INSEE. These are neighborhoods with over 10,000 residents that are classified as difficult or disadvantaged.
	Associations			
SOT40	Number of non-profit customers (associations, labor unions, works councils, etc.)	80,467	76,080	* 2013 figures revised. Refined management rules.
	Patronage and sponsorships			
SOT52	Total patronage and sponsorship budget (€)	8,685,606	9,601,331	
	Environmental impact			
SOT63	Number of zero-interest eco-loans granted	1,118	1,179	
SOT64	Average amount of zero-interest eco-loans granted (€)	18,421	18,726	
SOT65	Total amount of zero-interest eco-loans granted	20,594,329	22,078,177	Annual volume (amounts outstanding at the end of the month). Volume of zero-interest eco-loans granted to customers to finance new constructions, under certain conditions, renovations and repairs to original condition, expansion or building-raising work.
SOT69	Number of renewable energy projects financed (self-employed professionals and farmers)	127	162	Financing projects for renewable energy equipment or systems actually carried out during the calendar year involving self-employed professionals, farmers and small companies.
MICROLOANS				
	Personal microloans to assist transition into employment (partnerships)			
SOT10	Number of microloans granted during the year	-	-	CIC does not make personal microloans.
SOT13	Amount of microloans financed during the year (€)	-	-	
SOT11	Average amount of microloans granted (€)	-	-	
	Business microloans through intermediaries			
	ADIE			
SOT16	Number of applications processed	**222**	230	
SOT17	Amount of credit lines provided	**800,000**	500,000	
	France Active Garantie (NACRE)			
SOT19B	Number of NACRE loans disbursed with a complementary loan from the group	**388**	404	
SOT20B	Amounts loaned	**2,155,400**	2,438,250	
	France Active Garantie (FAG)			
SOT19A	Number of new microloans financed	**425**	432	

Indicators		2014	2013	Comments
SOT20A	Amounts guaranteed (FAG + FGIF)	**6,935,453**	7,101,425	Amount of complementary loans associated with NACRE loans disbursed: €13,211,734 in 2014, €15,402,746 in 2013.
	Initiative France (NACRE)			
SOT19B	Number of NACRE loans disbursed with a complementary loan from the group	**Not available**	4,598	
SOT20B	Amounts loaned	**Not available**	26,200,000	
	Initiative France (complementary loans)			
SOT22	Number of complementary bank loans granted	**Not available**	1,692	
SOT23	Amount of complementary bank loans granted	**Not available**	122,912,585	
	Other supported professional microloans			
SOT201	Number of supported professional microloans granted in the year (in the framework of a partnership)	**-**	-	
SOT202	Amount of supported professional microloans granted in the year (in the framework of a partnership)	**-**	-	
	Community-based microloans			
SOT26	Number of community-based microloans granted locally within the group	**-**	-	
SOT27	Amount of community-based microloans granted locally within the group (€)	**-**	-	
SRI AND ESG				
SOT28	SRI assets under management (€)	**2,023,969,517**	2,301,065,850	The amount of assets under management is for the entire CIC group, and is managed by CM-CIC Asset Management, CM11's asset management company.
SOT29	Number of shareholders' meetings in which the management company took part	**943**	768	Shareholders' meetings in which CM-CIC AM took part.
	Number of one-to-one and telephone appointments and meetings with companies in which CM-CIC AM participated	**135**	Not available	
SOT87	Total funds invested using ESG selection criteria (€)	**23,917,513,970**	15,586,502,000	CIC assets under management, managed by CM-CIC AM, in accordance with Decree no. 2012-132 ("Decree 224") on information to be provided by asset management companies on social, environmental and quality of governance criteria in their investment policies (Article D.533-16-1).
SOLIDARITY SAVINGS				
SOT33	Assets in interest-paid-to-charity savings accounts (LEA), excluding capitalized interest (€)	**6,283,022**	5,707,599	
SOT37LCIES	Assets (€) in CIES-approved solidarity employee savings plans	**106,010,022**	87,892,460	
SOT32	Share paid to associations	**63,602**	52,143	
24%	*Of which, LEA donations*	***55,953***	*43,937*	
	Cartes pour les Autres donations	***7,192***	*6,786*	
	Of which, France Emploi investment fund	***457***	*1,420*	

... 2014 Corporate Social Responsibility Report – Social information

Indicators		2014	2013	Comments
PRODUCTS AND SERVICES OF A SOCIAL NATURE				
SOT71	Amount of regulated social loans outstanding (PLS, PSLA)	**Not available**	Not available	CIC banks have no outstanding social home rental loans (PLS) or social home purchase loans (PSLA) because, like for Crédit Mutuel, all such loans are managed at the federal bank level with respect to refinancing matters.
QUALITY OF SERVICE				
SOT75	Number of eligible claims submitted to the bank ombudsman	**898**	811	Claims received by the customer service department that are to be resolved using the regulatory ombudsman program.
SOT77	Number of decisions in favor of customers and applied systematically	**528**	464	
SOT78	% of decisions in favor of customers, or partially in favor of customers, and applied systematically	**58.8%**	57.2%	Statistics obtained from reviewing claims submitted to the ombudsman whose outcome was favorable to the customer, either systematically or after the ombudsman's decision.
ECONOMIC IMPACT INDICATORS AVAILABLE IN MANAGEMENT REPORTS				
	Outstanding loans to customers	**101,097,702,532**	100,716,232,371	Amounts outstanding at the end of the month.
SOT83	*- of which, to individuals*	***53,410,988,528***	*53,772,647,400*	
	Housing loans	***61,879,026,451***	*61,809,440,561*	
SOT84	*- of which, to individuals*	***47,000,465,112***	*47,401,550,191*	
	Consumer loans	***4,854,022,314***	*4,751,545,023*	
SOT85	*- of which, to individuals*	***3,840,931,384***	*3,762,399,649*	
	Equipment loans (microenterprises)	***28,686,990,227***	*27,969,031,779*	
SOT86	*- of which, to individuals*	***2,427,255,014***	*2,533,202,171*	
	- of which, to self-employed professionals and farmers and excluding non-profits and miscellaneous	***12,172,882,506***	*11,928,158,844*	
	- of which, to farmers	***1,145,612,082***	*1,064,664,940*	
SOT86	*- of which, to businesses*	***11,027,270,424***	*10,863,493,904*	

2014 Corporate Social Responsibility Report
Environmental information

Mainland France CIC

Indicators		2014	2013 excluding CM-CIC Gestion and SNC Saint-Pierre	2013	Comments
RESOURCE CONSUMPTION					
ENV04	Water consumption (m³)	**210,141**	204,758	206,321	
ENV05	Total energy consumption (kWh)	**135,254,666**	162,059,527	163,063,058	
ENV06	*Of which, electricity*	***105,191,061***	*123,348,889*	*123,961,872*	
ENV07	*Of which, gas*	***18,559,552***	*25,102,706*	*25,395,413*	
ENV08	*Of which, fuel oil*	***3,597,101***	*3,828,366*	*3,836,366*	
ENV08_2	*Of which, cold water supplied by municipal utilities (kWh)*	***3,231,364***	*3,693,436*	*3,693,436*	
ENV08_1	*Of which, heat generated by steam supplied by municipal utilities*	***4,675,588***	*6,086,130*	*6,175,971*	
ENV09	Total paper consumption (for in-house and external use) (metric tons)	**3,288**	3,347	3,352	This includes all paper-based supplies (white paper, calendars, etc.) and cardboard-based supplies (inserts, file folders, etc.), except cardboard packaging for such supplies (which is counted as waste). Whether paper is for in-house or external use depends on its final use, i.e.: external use refers to paper that will end up outside the CM group and in-house use refers to paper that remains within the group.
MEASURES TO REDUCE ENVIRONMENTAL IMPACTS AND GREENHOUSE GAS EMISSIONS					
ENV15R	Consumption of purchased recycled paper for internal and external use	**29**	34	28	
ENV12	Purchase of recycled paper (%)	**2.7%**	2.6%	2.6%	
ENV15	Paper recycled after use (metric tons)	**2,064**	1,704	1,715	
ENV30	Leaks of refrigeration gases from air conditioning equipment (air and water cooled condensers) in kg of refrigeration gases	**Not available**	Not available	Not available	
ENV20	Business travel Automobile fleets (km) Greenhouse gas emissions measured	**49,007,876**	53,646,487	54,541,414	
ENV21	Number of liters of gasoline consumed by the in-house fleet	**188,868**	276,345	276,345	
ENV22	Number of liters of diesel consumed by the in-house fleet	**1,952,768**	2,411,847	2,456,504	
ENV23	Business travel using personal vehicles	**11,523,253**	11,433,309	11,582,642	Banks and Banque Transatlantique group.
ENV31	Number of items of videoconferencing equipment (e.g., Tandberg)	**107**	87	87	
ENV44	Human resources assigned to CSR issues (full-time equivalent employees)	**1.5**	1.1	1.1	
ENV47	Amount of environmental risk provisions and guarantees	**-**	-	-	
ENV48	Amount of compensation paid during the fiscal year pursuant to court decisions on environmental issues and actions taken to repair damage caused	**-**	-	-	

2014 Corporate Social Responsibility Report
Governance

CIC holding company

Indicators		Quantitative data 2014	2013
GOUV01	Number of members of the board of directors	**12**	12
GOUV02	*Of which, women*	*3*	*2*
	Number of members of the board of directors		
GOUV9-02	Under 40	**0**	1
GOUV9-03	40 - 49	**2**	0
GOUV9-04	50 - 59	**3**	4
GOUV9-05	Above 60	**7**	7
GOUV23	Members of the board of directors: average age	**63.3**	62.5
GOUV24	Members of the board of directors: median age	**62.9**	62.9
GOUV25	Overall renewal rate of boards during the year (= new members elected out of the total number of members)	**33%**	9%
GOUV26	Attendance rate at board meetings	**81%**	79%

CROSS-REFERENCE TABLE

for information required by Article 225 of the Grenelle II act on employment, environmental and social matters

Article R225-105-1 of the French Commercial Code, Decree no. 2012-557 of April 24, 2012

	CIC group indicators included in the CSR report (text and tables)
1° EMPLOYMENT INFORMATION	
a) Employment:	
- total workforce and breakdown of employees by gender, age and geographical area	SOC01 to SOC12 and SOC88 to SOC105
- new hires and dismissals	SOC13 to SOC20 and SOC27
- compensation and its progression	SOC73, SOC80 and SOC107 to SOC109
b) Working time arrangements:	
- organization of working time	SOC29 to SOC32
- absenteeism	SOC38 to SOC40 and SOC43
c) Labor relations:	
- organization of labor dialogue, in particular procedures for informing, consulting and negotiating with employees	SOC78, SOC79 and SOC87
- review of collective bargaining agreements	SOC83 to SOC84
d) Health and safety:	
- workplace health and safety conditions	SOC45
- review of agreements signed with labor unions or employee representative institutions in the field of workplace health and safety	SOC84
- workplace accidents, in particular the frequency and gravity thereof, as well as occupational illnesses[1]	SOC44
e) Training:	
- training policies adopted	SOC46 to SOC49
- total number of hours of training	SOC50
f) Equality of treatment:	
- measures taken to promote gender equality	SOC56 to SOC63
- measures taken to promote employment or transition to employment of persons with disabilities	SOC68, SOC70 and SOC71
- anti-discrimination policy	SOC69
g) Promotion of and compliance with the provisions of the fundamental conventions of the International Labor Organization on:	
- respect for the freedom of association and the right to collective bargaining	SOC67, SOC78 and SOC79
- elimination of employment and professional discrimination	SOC64
- elimination of forced or involuntary labor	SOC65
- effective abolition of child labor	SOC66

(1) The frequency and gravity of workplace accidents are not specifically reported, but the figures required for the calculations are published.

... Cross-reference table for information required by Article 225 of the Grenelle II act on employment, environmental and social matters

	CIC group indicators included in the CSR report (text and tables)
2° ENVIRONMENTAL INFORMATION	
a) General environmental policy:	
- organization of the company to take account of environmental issues and, if applicable, environmental evaluation or certification procedures	ENV01 to ENV03
- actions taken to train and inform employees on environmental protection	ENV43
- resources devoted to preventing environmental risks and pollution	ENV44
- amount of environmental risk provisions and guarantees, provided this information will not seriously prejudice the company in ongoing litigation	ENV47
b) Pollution and waste management:	
- measures taken to prevent, reduce or remedy discharges into the air, water and soil that have serious environmental consequences	ENV31
- prevention, recycling and waste elimination measures	ENV39 and ENV43
- account taken of noise pollution and other forms of pollution specific to a business activity	ENV45
c) Sustainable use of resources:	
- water consumption and water supply based on local constraints	ENV04
- consumption of raw materials and measures taken to improve efficient use thereof	ENV09, ENV15R, ENV39 and ENV43
- energy consumption, measures taken to improve energy efficiency and use of renewable energies	ENV05 to ENV08 and ENV40
- ground use	ENV49
d) Climate change:	
- greenhouse gas emissions	ENV20 to ENV23, ENV31, ENV37
- adapting to the consequences of climate change	ENV39, ENV38, ENV42
e) Protection of biodiversity:	
- measures taken to preserve or develop biodiversity	ENV50

Indicators not applicable to the CIC group's bank business.

	CIC group indicators included in the CSR report (text and tables)
3° INFORMATION ON SOCIAL COMMITMENTS IN FAVOR OF SUSTAINABLE DEVELOPMENT	
a) Geographical, economic and employment impacts of the company's business:	
- in terms of employment and regional development	SOT01, SOT07 to SOT09 SOT59, SOT60 SOT63 to SOT65, SOT69
- on neighboring or local populations[1]	SOT10, SOT11, SOT13 SOT16, SOT17, SOT20 SOT26 to SOT33, SOT37 SOT39, SOT40, SOT71 SOT73, SOT75, SOT77 SOT78, SOT83 to SOT88
b) Relationships with persons or organizations with an interest in the company's business, in particular associations that assist people to transition into employment, educational institutions, environmental protection associations, consumer associations and neighboring populations:	
- dialogue conditions with such persons or organizations	SOT44 and SOT45
- partnership or sponsorship actions	SOT48, SOT52, SOT53 SOT55, SOT57, SOT58
c) Subcontracting and suppliers:	
- extent to which social or environmental issues are taken into account in purchasing policies	SOT81
- extent of subcontracting and extent to which the social and environmental responsibility of suppliers and subcontractors is taken into account in the relationships with them	SOT81
d) Fair operating practices:	
- actions undertaken to prevent corruption	SOT79
- measures taken to increase customers' health and security	SOT80
e) Other actions undertaken under this section 3 to promote human rights	SOT82

(1) CIC's geographical impact is discussed in connection with its local establishments.
However, its business does not have any impact on neighboring populations.

REPORT OF ONE OF THE STATUTORY AUDITORS,

a designated independent third party, on the consolidated social, employment and environmental information presented in the management report

Fiscal year ended December 31, 2014

To the shareholders,

In our capacity as independent third party accredited by COFRAC[1] under number 3-1050 and member of the network of one of CIC's statutory auditors, we hereby report to you on the consolidated employment, environmental and social information for the fiscal year ended December 31, 2014, presented in section 2 of the management report (hereinafter "CSR information"), in accordance with the provisions of Article L.225-102-1 of the French Commercial Code.

The company's responsibility

The board of directors is responsible for preparing a management report that includes the CSR information required by Article R.225-105-1 of the French Commercial Code in accordance with the frame of reference used by the company, which consists of the 2014 version of the environmental, employment, social and governance reporting procedures (hereinafter the "frame of reference"), a summary of which is provided in the introduction to the "Corporate Social Responsibility" section of the management report.

Independence and quality control

Our independence is defined by the regulations, the code of ethics of our profession, and the provisions of Article L.822-11 of the French Commercial Code. Furthermore, we have set up a quality control system that includes documented policies and procedures intended to ensure compliance with ethical rules, professional standards and applicable statutes and regulations.

Responsibility of the independent third party

On the basis of our work, it is our role:

- to certify that the required CSR information is presented in the management report or, if not presented, that an explanation is provided in accordance with Article R.225-105, paragraph 3, of the French Commercial Code (CSR information presentation certification);
- to express a limited assurance conclusion that the CSR information presented, considered as a whole, is accurate in all material aspects, in accordance with the frame of reference (reasoned opinion on the accuracy of CSR information).

Our work was performed by a team of five persons between December 2014 and April 2015, for a total of about ten weeks.

We performed the work described below in accordance with the professional standards of practice applicable in France and the order of May 13, 2013 establishing the manner in which independent third parties are to perform their duties, and concerning the reasoned opinion on accuracy, and with the international ISAE 3000 standard[2].

1. CSR information presentation certification

On the basis of interviews with the individuals in charge of the relevant departments, we reviewed the company's sustainable development strategy with respect to the employment and environmental impact of its activities and its social commitments and, if applicable, any initiatives or programs it has implemented as a result.

We compared the CSR information included in the management report with the list in Article R.225-105-1 of the French Commercial Code.

If certain consolidated information was not provided, we verified that explanations were provided, in accordance with the provisions of Article R.225-105, paragraph 3, of the French Commercial Code.

We verified that the CSR information covered the consolidated scope, i.e., the company and its subsidiaries, within the meaning of Article L.233-1 of the French Commercial Code, and the companies it controls, within the meaning of Article L.233-3 of the same Code, subject to the limitations described in the note on methodology in the "Corporate Social Responsibility" section of the management report.

On the basis of our work, and taking into account the limitations mentioned above, we certify that the required CSR information is presented in the management report.

2. Reasoned opinion on the accuracy of CSR information

Nature and scope of work

We conducted five interviews with the persons responsible for preparing CSR information in the finance, HR, SRI management, marketing and compliance departments in charge of data collection processes and, where appropriate, the persons responsible for internal control and risk management procedures, in order to:

- assess whether the frame of reference is appropriate on the basis of its pertinence, completeness, reliability, neutrality and comprehensibility, taking into consideration, where applicable, industry best practices;
- verify that a collection, aggregation, processing and control process has been set up to ensure the completeness and consistency of the CSR information and examine the internal control and risk management procedures relevant to the preparation of the CSR information.

We determined the nature and scope of our tests and quality control processes based on the type and importance of the CSR information with respect to the company's characteristics, the social and environmental impacts of its business activities, its sustainable development strategy, and industry best practices.

(1) Applicability of the accreditation available at www.cofrac.fr.

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

For the CSR information we considered the most important[3]:

- at the parent company level, we consulted documentary sources and conducted interviews to corroborate qualitative information (organization, policies, actions, etc.), applied analytical procedures to quantitative information and, on the basis of samples, verified the calculations and aggregation of data, and verified that this information is coherent and consistent with the other information presented in the management report;
- at the level of a representative sample of subsidiaries that we selected[4] on the basis of their business activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures were properly applied, and carried out spot tests, on the basis of samples, to verify calculations performed and reconcile the data with supporting documents. The sample thus selected represents on average 38% of the workforce and 39% of the energy consumption of CIC.

We assessed whether the rest of the consolidated CSR information was consistent with our knowledge of the company.

Lastly, we assessed the adequacy of any justifications that may have been provided to explain the entire or partial exclusion of certain information.

We consider that the sampling methods and the sizes of the samples that we used on the basis of our professional judgment enable us to form a conclusion of limited assurance; a higher level of assurance would have required more extensive work. Due to the use of sampling techniques and other inherent limitations in the functioning of any information or internal control system, the risk that a material misstatement in the CSR information was not detected cannot be completely eliminated.

Conclusion

On the basis of our work, we have discovered no material misstatement that would call into question the fact that, considered as a whole, the CSR information presented is accurate in all material aspects, in accordance with the frame of reference.

Paris-La Défense, April 21, 2015

Independent third party
Ernst & Young et Associés
Éric Duvaud
Partner, Sustainable Development

Hassan Baaj
Partner

(3) **Environmental information:** general environmental policy (organization, training and information actions for employees), pollution and waste management (paper consumption, recycling and waste reduction measures), sustainable use of resources and climate change (total energy consumption, measures taken to improve energy efficiency and use of renewable energies).
Social information: geographic, economic and social impacts (percentage of retail branches in rural areas in France and free trade zones covered by retail branches, number of non-profit customers), relationships with stakeholders (dialogue conditions, partnership or sponsorship actions), the significance of subcontracting and extent to which social or environmental issues are taken into account in purchasing policies and the relationships with suppliers and subcontractors, fair business practices (actions taken to prevent corruption), social and solidarity savings plans (number and amount of microloans, assets under management in solidarity employee savings plans and amount of regulated social loans).
Employment and governance information: employment (total workforce and its allocation, number of new hires and number of employees on permanent contracts who left the organization, including dismissals, gross annual compensation of employees on permanent contracts and progression thereof), organization of working time, absenteeism (total number of days of absence), labor relations (organization of labor dialogue, report on collective bargaining agreements), workplace health and safety conditions, workplace accidents, in particular their frequency and severity, as well as occupational illnesses, policies adopted with respect to training, the share of payroll spent on training and the total number of hours spent on training employees and representatives, diversity and equality of opportunity and treatment (proportion of female managerial staff, employment and integration of people with disabilities, anti-discrimination measures), promotion of and compliance with the provisions of the ILO's fundamental conventions (percentage of participation in stockholders' meetings, elimination of discrimination).

(4) CIC Lyonnaise de Banque, CIC IDF (for employment information) and the CIC head office (for environmental information).

Legal information

5

STOCKHOLDERS

Stockholders' general meetings

(Summary of Articles 18-24 of the bylaws)

Composition

All stockholders are entitled to attend stockholders' general meetings.
There are no double voting rights.
Except as stipulated in the section below on disclosure thresholds, access to stockholders' general meetings is not restricted and stockholders are not required to hold a minimum number of CIC stock units to exercise the rights conferred upon them by law.
The combined ordinary and extraordinary general meeting of stockholders and holders of voting rights certificates of June 17, 1998:

- authorized stockholders to hold their shares in either bearer or registered form (Article 7 (1) of the bylaws);
- authorized the company to obtain details of identifiable holders of stocks and securities from Euroclear France (Article 7 (3) of the bylaws);
- added mandatory stockholding disclosure thresholds (Article 9 (6) of the bylaws).

Role

Stockholders' general meetings that are duly and properly held represent all stockholders. They may be ordinary or extraordinary if they meet the appropriate conditions.
Stockholders' ordinary general meetings make all decisions other than those that change the capital stock or amend the bylaws, in particular:

- they discuss, approve or adjust the financial statements, including the consolidated financial statements, and decide on the allocation and appropriation of net income;
- they appoint, replace, remove from office or renew the terms of office of directors other than the directors who are elected by employees;
- they appoint or renew the appointments of principal and alternate statutory auditors.

Generally, they examine all proposals on the agenda other than those that are within the powers of stockholders' extraordinary general meetings.
Every year, before the deadline that applies to credit institutions, a stockholders' ordinary general meeting is held to discuss and vote on the annual financial statements and all other documents required by the French laws and regulations in force that apply to CIC.
This general meeting decides after reviewing the reports of the board of directors and the statutory auditors.
Stockholders' extraordinary general meetings examine all the proposals made by the issuer of the convening notice that involve changing the capital stock or amending the bylaws.

Disclosure thresholds

(summary of Article 9 of the bylaws)
In addition to statutory requirements, the bylaws require disclosure of any changes in ownership that result in stockholdings exceeding or falling below 0.5% of the capital stock or any multiple thereof. If a stockholder fails to comply with this requirement, the shares held in excess of the disclosure threshold may be stripped of voting rights for a period of two years following a request noted in the minutes of a general meeting by one or more stockholders holding shares or voting rights at least equal to the smallest proportion of capital stock or voting rights requiring disclosure.

Convening stockholders' general meetings

Stockholders meet every year at ordinary general meetings held in the forms and within the deadlines set forth in French law and regulations in force.

Requirements for attending stockholders' general meetings

In order to have the right to attend, vote by mail or be represented at general meetings, holders of bearer stock are required to provide evidence of their capacity as stockholders no later than at midnight on the second working day prior to the general meeting, Paris time, by providing a certificate of participation issued by the relevant authorized intermediary.
Holders of registered stock are required to arrange for their shares to be registered on CIC's registers no later than two days before the date of the stockholders' general meeting.
Stockholders' general meetings may be attended by stockholders or their proxy or proxies if they provide evidence of their capacity and identity. However, if the board of directors considers it appropriate, it may decide to issue named, personal admission tickets to stockholders beforehand, and to require said tickets to be shown.

Voting at stockholders' general meetings

All stockholders may vote by mail after providing evidence of their capacity at least two days before the general meeting by means of the depository providing a certificate showing that their shares are duly registered. The company must receive forms for voting by mail at least two days before the date of the general meeting.
All stockholders may be represented under the conditions set forth in Article L.225-106 of the French Commercial Code *(Code de commerce)*.
Voting by mail means no proxy may be appointed and vice versa. If stockholders vote by mail or appoint a proxy, stockholders may not choose another method of taking part in the stockholders' general meeting.
All members of stockholders' ordinary or extraordinary general meetings have a number of votes that is the same as the number of shares they own or represent, subject to the application of the French law and regulations in force and the provisions of Articles 8 and 9 of the bylaws.
Decisions are adopted under the conditions as regards majorities set forth in French law and are binding on all stockholders.

Appropriation of net income

(Article 27 of the bylaws)

The net income for the fiscal year consists of income in the fiscal year, after deducting general operating expenses and the company's other expenses, including any depreciation, amortization and impairment.

From this net income, less, where applicable, previous losses, at least 5% is drawn to form the legal reserve. This is no longer necessary when the legal reserve amounts to one-tenth of the capital stock.

The balance, after deducting and appropriating the amount of long-term capital gains, increased by retained earnings, constitutes distributable income.

From this distributable income, stockholders' general meetings may draw any sums they consider appropriate for allocation to any optional reserve funds or to retained earnings. The balance, if any, is divided between all the stockholders in proportion to the number of stock units they own.

Dividends are paid on the date set by the stockholders' general meeting or, failing this, on the date set by the board of directors.

Stockholders' general meetings may grant all stockholders the choice between payment of the dividend or interim dividends distributed in cash or payment in shares, in whole or in part.

Stockholders' combined ordinary and extraordinary general meeting of May 27, 2015

Board of directors' report to the stockholders' combined ordinary and extraordinary general meeting of May 27, 2015

We have called this stockholders' combined ordinary and extraordinary general meeting to discuss the matters included on the agenda that are the subject of the resolutions submitted for your approval. A report including details of business developments since the beginning of the current year and prospects for the full year has been made available or provided to you.

A/ Resolutions within the powers of the stockholders' ordinary general meeting

1 - Approval of the financial statements for the fiscal year ended December 31, 2014

(first and second resolutions)

The corporate financial statements of CIC, which were approved by the board of directors at its February 26, 2015 meeting, show net income of €830,720,745.60. The board of directors' report provided with the financial statements gives details of the various elements that make up this income.

CIC's consolidated financial statements show net income of €1,124 million and net income attributable to owners of the company of €1,116 million. The related Board of directors' report shows how this income was generated and how the group's various businesses and entities contributed to such income.

You have also been given the opportunity to review the report of the chairman of the board of directors regarding the functioning of the board of directors and internal control and the statutory auditors' reports, enclosed with the board of directors' report.

We ask you to approve the corporate and consolidated financial statements as presented to you.

2 - Appropriation of net income

(third resolution)

The net income for the fiscal year amounts to €830,720,745.60. After taking into account positive retained earnings of €4,800,100,952.40, the amount to be allocated by the stockholders' general meeting therefore totals €4,918,821,698.00.

The board of directors proposes that you vote to pay stockholders a dividend of €8.00 per share. The balance would be allocated to the retained earnings account.

The board of directors therefore invites you to:

- distribute a dividend of €304,219,944.00 to 38,027,493 shares in respect of fiscal year 2014;
- allocate the available balance, i.e., €4,614,601,754.00, to the retained earnings account.

The dividend would be paid on June 02, 2015. As provided under the tax regime applicable to distributions, it is specified that the entire dividend distributed is eligible for the 40% tax abatement mentioned in point 2 of Article 158 (3) of the French Tax Code *(Code général des impôts)*.

In accordance with the provisions of French law, the stockholders' meeting is reminded that:

- for 2011, a dividend of €247,178,704.50 was distributed i.e., €6.50 per share eligible for the 40% tax abatement mentioned in point 2 of Article 158 (3) of the French Tax Code;
- for 2012, a dividend of €285,206,197.50 was distributed i.e., €7.50 per share eligible for the 40% tax abatement mentioned in point 2 of Article 158 (3) of the French Tax Code;
- for 2013, a dividend of €266,192,451.00 was distributed i.e., €7.00 per share eligible for the 40% tax abatement mentioned in point 2 of Article 158 (3) of the French Tax Code.

3 - Agreements mentioned in Article L.225-38 of the French Commercial Code

(fourth and fifth resolutions)

In their special report, the statutory auditors list the regulated agreements governed by Article L.225-38 of the French Commercial Code that were entered into or that remained in effect during 2014 with the board of directors' consent.

You are asked to approve said agreements.

(fourth resolution)

The change in executive corporate officers that occurred in December 2014 made it necessary to adjust the compensation policy applicable to the new corporate officers and adopted by the board of directors of CIC on December 11, 2014.
The compensation principles and rules applicable to them are presented in the chairman of the board of directors' report to the stockholders' general meeting of May 27, 2015; this report covers the conditions for preparing and organizing the work of the board and internal control procedures. The implementation of these principles and rules is described in the board of directors' management report.
Pursuant to Article L.225-42-1 of the French Commercial Code, the stockholders' general meeting is asked to ratify the conditional termination benefit in connection with the term of office of the chairman of the board of directors, which is calculated as one year's gross salary based on the average salary over the 12-month period prior to the end of the term of office.
(fifth resolution)

4 - Compensation provisions stipulated in articles L.511-73 and L.511-78 of the French Monetary and Financial Code

(sixth and seventh resolutions)
Article L.511-78 of the French Monetary and Financial Code stipulates that the variable portion of the total compensation of the persons mentioned in article L.511-71 may not exceed the fixed portion of their compensation, but the stockholders' general meeting, acting with a two-thirds majority and a quorum of one-half of shareholders, may set the amount at double the amount of the fixed compensation. With respect to the persons covered by this provision, CIC, solely for the category of risk-takers at CM-CIC Marchés and not all persons covered by article L.511-71, seeks a mix of fixed and variable compensation that serves the interests of both the group and the respective employees by allowing the variable portion of the compensation to represent up to double the fixed portion instead of allowing only equal amounts of fixed and variable compensation.
The stockholders' general meeting is asked to approve the maximum amount of this variable compensation.
(sixth resolution)

Under Article L.511-73 of the French Monetary and Financial Code, the stockholders' ordinary general meeting of credit institutions and financial institutions is consulted annually on the overall budget for all types of compensation paid out during the previous year to persons mentioned in article L.511-71, in other words the effective managers, and the personnel categories, including risk-takers, persons exercising a control function and all employees who, based on their total income, are in the same compensation category, whose professional activities have a significant impact on the risk profile of the company or group.
The stockholders' general meeting is asked to approve the amount of said budget, which is presented in the board of directors' management report.
(seventh resolution)

5 - Ratification of the appointment of a director

(eighth resolution)
After Mr. Joseph Arenas resigned, the board of directors temporarily appointed a new director at its meeting held on December 11, 2014, i.e., Mr. Nicolas Théry. We request that the stockholders' meeting ratify this appointment for the remaining duration of the previous director's term of office, i.e., until the stockholders' general meeting that will be held in 2019 to vote on the financial statements for the fiscal year ending December 31, 2018.

6 - Renewal of terms of office of directors and appointment of a director

(ninth to eleventh resolutions)
The terms of office of one-third of the nine members appointed by the stockholders' general meeting of May 19, 2011 or, following a resignation, by the stockholders' general meeting held on May 22, 2014 will expire during this stockholders' general meeting.
The directors concerned are:
• Mr. Maurice Corgini;
• Mr. Jean-François Jouffray;
• Mr. Philippe Vasseur, who is not seeking another term of office.
The stockholders' general meeting is asked to renew the terms of offices of Messrs. Corgini and Jouffray and to appoint a new director, for a term of six years to expire at the conclusion of the stockholders' ordinary general meeting called to approve the 2020 financial statements.

7 - Authorization granted to the board of directors to buy back the company's stock

(twelfth resolution)
We ask you to cancel the authorization previously given to the board of directors to trade in CIC stock on the stock exchange with immediate effect and to give it a new authorization for this purpose. It should be stressed that the legal framework for such transactions is set out in EU regulation no. 2273/2003 of December 22, 2003, Articles L.225-209 et seq. of the French Commercial Code, and in Title IV of Book II and Chapter I of Title III of Book IV of the general regulations of the French securities regulator *(Autorité des marchés financiers – AMF),* and in its implementing instructions. Within this framework, CIC wishes to trade on the stock exchange as follows:
- stock will be traded in accordance with the liquidity agreement entered into by CIC with CM-CIC Securities, in the capacity of investment service provider, which is the trader;
- the provisions of this liquidity agreement comply with the code of ethics drawn up by the AMAFI on September 23, 2008 and approved by the AMF;
- stock will be traded freely by the investment service provider with the sole aim of ensuring the liquidity and regular listing of CIC stock on the Paris stock exchange;
- bearing in mind that, according to the regulatory framework, it is only necessary to set a maximum purchase price in order to expressly cap the corresponding commitment, the maximum purchase price will be set at €300;
- the stock held in this context will not be cancelled;
- the maximum number of stock units that may be purchased in this context remains unchanged at 100,000, i.e. 0.26% of the capital stock at the beginning of this stockholders' meeting, it being specified that the maximum commitment that may result from the use of this amount in full, taking into account the price limit set, will be €30 million;
- CIC will provide the AMF with the statistics relating to the trading of this stock every month and with a statement every six months.

For information purposes, as of December 31, 2014, the liquidity grouping created pursuant to the agreement in force held 6,798 CIC shares after purchasing 34,950 shares and selling 31,832 shares in 2014.

B / Resolutions within the powers of the stockholders' extraordinary general meeting

8 - Amendments to the bylaws

(thirteenth and fourteenth resolutions)

French law no. 2014-384 of March 29, 2014, which seeks to support the real economy, provides automatic double voting rights on all fully paid-up registered shares held for at least two years by the same registered shareholder unless expressly stated otherwise in the company's bylaws. We therefore propose to add this contrary clause to article 7 of the bylaws in order to maintain the current situation, which does not provide for double voting rights.
(thirteenth resolution)

The order and decree of December 8, 2014 amended the provisions of the French Commercial Code related to the "record date," making it the second, instead of third, business day prior to the stockholders' general meeting . This amendment is reflected in article R.225-85 of the French Commercial Code. We also propose to amend article 18 of the company's bylaws to bring them into compliance.
(fourteenth resolution)

9 - Delegations of powers to the board of directors for the purpose of carrying out capital increases

(fifteenth to twentieth resolutions)

Pursuant to its eleventh to seventeenth resolutions, the stockholders' general meeting of May 23, 2013 delegated to the board of directors the powers necessary to increase capital with or without preemptive subscription rights or to make a public exchange offering. These delegations of powers were valid for a 26-month period and will therefore expire soon. These delegations of powers have not been used. However, as is customary for most listed companies, and in order to facilitate any such transactions, it is proposed that you renew said delegations of powers.

The legal framework for said delegations of powers is provided by Article L.225-129 of the French Commercial Code, which derives from Order no. 2004-604 of June 24, 2004, and which allows stockholders' extraordinary general meetings to delegate their powers with respect to capital increases in accordance with the requirements of Article L.225-129-2 of the same Code. This is what it is proposed that you do, keeping in mind that:

- the overall cap on any capital increases decided by the board of directors is set at the nominal amount of €150 million, or the equivalent thereof in other currencies or monetary units;
- in addition, if the board of directors were to issue debt securities that confer equity rights, the total nominal amount of such securities would in turn be capped at one billion six hundred million euros;
- the delegations of powers would be granted for a 26-month period from the date of the stockholders' general meeting.

The special reports of the statutory auditors required in such cases have also been made available or provided to you.

Six delegations of powers are proposed.

a) Delegation of powers to the board of directors for the purpose of increasing capital, retaining preemptive subscription rights:

- either by issuing ordinary shares or any securities that confer equity rights, or by capitalizing premiums, reserves, profits, etc.;
- with, if applicable, the board of directors being entitled to limit the issue to the amount of subscriptions received, to freely allocate securities that have not been subscribed or to make a public offering of all or some of the securities that have not been subscribed.

(fifteenth resolution)

b) Delegation of powers to the board of directors for the purpose of increasing capital by capitalizing premiums, reserves, profits, etc.:

- the capital may be increased by issuing new shares, increasing the nominal value of the shares, or by a combination of the two procedures;
- rights entitling their holders to fractional shares may not be traded or transferred, and the corresponding shares will be sold.

Pursuant to Article L.225-130 of the French Commercial Code, voting on this resolution shall be subject to the quorum and majority requirements for stockholders' ordinary general meetings.
(sixteenth resolution)

c) Delegation of powers to the board of directors for the purpose of increasing capital, canceling preemptive subscription rights:

Either by a public offering or by a private placement, as provided for in Article L.411-2, II of the French Monetary and Financial Code:

- by issuing ordinary shares or any securities that confer equity rights;
- with the board of directors being entitled to grant preemptive rights to the stockholders;
- subscriptions may be made for cash, by setoff against receivables, or in consideration for securities tendered pursuant to a public exchange offering made by the company in accordance with Article L.225-148 of the French Commercial Code;
- in the case of a public offering, the issue price may not be less than the weighted average share price during the three stock market trading days prior to the decision, less 5%, in accordance with Article 7 of Decree no. 2005-112 of February 10, 2005. Furthermore, this minimum price shall also apply to the sum of the prices of the warrant and the share in the event warrants that confer equity rights are issued independently;
- in the case of a private placement, the issue price of shares issued directly may not be less than the weighted average share price during the three stock market trading days prior to the decision, less 5%. Furthermore, this minimum price shall also apply to the sum of the prices of the warrant and the share in the event warrants that confer equity rights are issued independently.

(seventeenth resolution)

d) Right granted to the board of directors to increase the amount of issues in the event of excess demand:

- on the grounds of Article L.225-135-1 of the French Commercial Code and the regulatory provisions that implement it;
- within thirty days of the close of the initial issue;
- up to 15% of the amount thereof; and
- for the same price.

(eighteenth resolution)

e) Delegation of powers to the board of directors for the purpose of increasing capital in consideration for equity securities or securities that confer equity rights contributed in-kind to CIC:

- on the grounds of Article L.225-147 of the French Commercial Code;
- without preemptive subscriptions rights; and
- up to 10% of the capital stock.

(nineteenth resolution)

f) Authorization granted to the board of directors to carry out a capital increase reserved for employees, canceling preemptive subscriptions rights

Pursuant to Article L.225-129-6 of the French Commercial Code, all companies are required to submit to their stockholders at a stockholders' extraordinary general meeting a proposed resolution that would authorize a capital increase reserved for employees in accordance with the requirements of Article L.443-5 of the French Labor Code if the stockholders' general meeting delegates its powers on the grounds of Article L.225-129-2. In that regard, it should be noted that on December 31, 2014, registered shares held directly by current and former employees of the group represented 0.11% of CIC's share capital.

Therefore, this resolution has been included in the agenda for this meeting in order to comply with the aforementioned provisions. However, this does not mean that the board of directors intends to use said authorization in the event that, despite the recommendation to reject the resolution, it is adopted.

Consequently, on the combined grounds of, firstly, Articles L.225-129-2 and L.225-138 of the French Commercial Code on the powers of stockholders' general meetings with respect to capital increases and, secondly, Articles L.443-1 et seq. of the French Labor Code on employee savings plans, it is proposed that you authorize the board of directors to carry out, at the time and under the terms and conditions it may decide, a capital increase, for cash, reserved for employees.

Such capital increase would be carried out in accordance with the requirements prescribed by the statutes applicable to employee savings plans. In the case of CIC, such savings plan applies at group level.

This authorization would cause the existing shareholders to automatically waive their preemptive subscription rights.

(twentieth resolution)

The twenty-first resolution involves authorizations.

Resolutions

Resolutions within the powers of the stockholders' ordinary general meeting

First resolution

Approval of CIC's financial statements for the fiscal year ended December 31, 2014

After reviewing the board of directors' report to the general meeting, its report on CIC's financial statements, the appended report of the chairman of the board of directors regarding the functioning of the board of directors and internal control, the statutory auditors' report, and the annual financial statements for the fiscal year ended December 31, 2014, the stockholders' general meeting approves said annual financial statements as presented to it, which show net income of €830,720,745.60. The stockholders' general meeting also approves the overall amount of expenses that may not be deducted from income subject to corporate income tax totaling €40,097 as well as the tax liability resulting from these expenses totaling €15,237.

Second resolution

Approval of the consolidated financial statements for the fiscal year ended December 31, 2014

After reviewing the board of directors' report to the general meeting, its report on the consolidated financial statements, the appended report of the chairman of the board of directors regarding the functioning of the board of directors and internal control, the statutory auditors' report, and the consolidated financial statements for the fiscal year ended December 31, 2014, the stockholders' general meeting approves said financial statements as presented to it, which show net income attributable to owners of the company of €1,116 million.

Third resolution

Appropriation of net income

The stockholders' general meeting notes that:

- the company's net income for the fiscal year amounts to: €830,720,745.60;
- retained earnings amount to: €4,088,100,952.40;
- as a result, distributable income amounts to: €4,918,821,698.00;

and decides to allocate this amount as follows:

- dividend for shares in respect of fiscal year 2014: €304,219,944.00;
- remaining balance to be allocated to retained earnings: €4,614,601,754.00.

As a result, the stockholders' general meeting sets the dividend to be paid for each of the 38,027,493 shares at €8.00. However, the dividend that would otherwise be allocated to shares that are not eligible for dividends under French law will be appropriated to retained earnings.

The ex-dividend date will be June 02, 2015.

The entire dividend distributed is eligible for the 40% tax abatement mentioned in point 2 of Article 158 (3) of the French Tax Code.

In accordance with the provisions of French law, the stockholders' meeting is reminded that:

- for 2011, a dividend of €247,178,704.50 was distributed i.e., €6.50 per share eligible for the 40% tax abatement mentioned in point 2 of Article 158 (3) of the French Tax Code;
- for 2012, a dividend of €285,206,197.50 was distributed i.e., €7.50 per share eligible for the 40% tax abatement mentioned in point 2 of Article 158 (3) of the French Tax Code;
- for 2013, a dividend of €266,192,451.00 was distributed i.e., €7.00 per share eligible for the 40% tax abatement mentioned in point 2 of Article 158 (3) of the French Tax Code.

Fourth resolution

Agreements mentioned in Article L.225-38 of the French Commercial Code

After reviewing the statutory auditors' special report on the transactions and agreements mentioned in Article L.225-38 of the French Commercial Code, and deliberating on the basis of this report, the stockholders' general meeting approves the transactions and agreements referred to therein.

Fifth resolution

Compensation of corporate officers

The stockholders' general meeting, having taken note of the statutory auditors' special report on the transactions and agreements mentioned in article L.225-38 of the French Commercial Code, the board of directors' report to the stockholders' general meeting, the board of directors' management report and attached chairman of the board of directors' report relating to the operation of the board and internal control, ratifies the conditional termination benefit – which amounts to a one-year benefit for a corporate officer based on average compensation over the 12-month period prior to the end of the term of office – for the term of office of the chairman of the board of directors, the sole corporate officer compensated by CIC.

Sixth resolution

Setting of the ceiling on the variable portion of compensation of certain personnel categories, as defined by article L.511-78 of the French Monetary and Financial Code

The stockholders' general meeting, having taken note of the board of directors' report to the stockholders' general meeting, having concluded that fixed compensation for risk-takers at CM-CIC Marchés should be significantly lower than their variable compensation, and acting under the requisite quorum and majority laid down by article L.511-78 of the French Monetary and Financial Code, decides to cap the variable portion of the total compensation for these persons at two-thirds of their overall compensation. This measure applies to compensation attributed as of January 1, 2015 and until such time as a different decision is adopted.

Seventh resolution

Opinion on the total amount of compensation, as required by Article L.511-73 of the French Monetary and Financial Code

The stockholders' general meeting, having taken note of the board of directors's report to the stockholders' general meeting and the board of directors' management report, approves the overall budget of all types of compensation, paid out during the past year, to effective managers, as defined by article L.511-13, and personnel categories, including risk-takers, persons exercising a control function and all employees who, given their overall compensation, find themselves in the same compensation bracket, whose professional activities have a significant impact on the risk profile of the company or group.

Eighth resolution

Ratification of the appointment of a director

The stockholders' general meeting ratifies the appointment of Mr. Nicolas Théry, who was temporarily appointed by the board of directors at its meeting of December 11, 2014 to replace Mr. Joseph Arenas, who had resigned, for the remaining duration of the previous director's term of office, i.e., until the stockholders' general meeting that will be held in 2019 to vote on the financial statements for the fiscal year ending December 31, 2018.

Ninth resolution

Renewal of the term of office of Mr. Maurice Corgini

After noting that the term of office as member of the board of directors of Mr. Maurice Corgini will expire at the conclusion of this stockholders' general meeting, the stockholders' general meeting decides to renew said term of office for a period of six years, i.e., until the conclusion of the stockholders' general meeting convened to vote on the financial statements for fiscal year 2020.

Tenth resolution

Renewal of the term of office of Mr. Jean-François Jouffray

After noting that the term of office as member of the board of directors of Mr. Jean-François Jouffray will expire at the conclusion of this stockholders' general meeting, the stockholders' general meeting decides to renew said term of office for a period of six years, i.e., until the conclusion of the stockholders' general meeting convened to vote on the financial statements for fiscal year 2020.

Eleventh resolution

Appointment of a member of the board of directors

The stockholders' general meeting appoints, as of this date, Mr. Eric Charpentier as a member of the board of directors. This appointment is made for a period of six years, i.e., until the conclusion of the stockholders' general meeting convened to vote on the financial statements for fiscal year 2020.

Twelfth resolution

Authorization given to the board of directors to buy back stock in the company

After reviewing the board of directors' report to the stockholders' general meeting, within the scope of EU regulation no. 2273/2003 of December 22, 2003, the provisions of Articles L.225-209 et seq. of the French Commercial Code, and of Title IV of Book II and Chapter I of Title III of Book IV of the AMF General Regulations and its implementing instructions, the stockholders' general meeting authorizes the board of directors, with immediate effect, to trade in stock in the company on the stock exchange under the following conditions:

- stock must be purchased and sold by means of a liquidity agreement entered into with an investment service provider in accordance with the regulations in force;
- these transactions will be carried out by the service provider with the sole aim of ensuring the liquidity and regular listing of stock in the company on the Paris stock exchange;
- the maximum purchase price is set at €300 per share;
- the maximum number of shares that may be purchased is set at 100,000, representing a maximum potential commitment of €30 million;
- stock held in connection with the liquidity agreement will not be cancelled.

This authorization will remain in effect until October 31, 2016 inclusive.

The stockholders' general meeting grants full powers to the board of directors to enter into all agreements, carry out all formalities, and, in general, take all the necessary steps within the aforementioned framework.

Resolutions within the powers of the stockholders' extraordinary general meeting

Thirteenth resolution

Amendment of the bylaws related to the double voting rights reform implemented through Law no. 2014-384 of March 29, 2014 intended to support the real economy

The stockholders' general meeting, acting with the requisite quorum and majority for shareholders' extraordinary general meetings, and having taken note of the board of directors' report, decides to amend article 7 of the bylaws by adding, following paragraph 1, a second paragraph that reads as follows: *"By exception to the last paragraph of article L.225-123 of the French Commercial Code, each share is entitled to one vote and no double voting rights are granted."*

Fourteenth resolution

Amendment to the bylaws related to bringing the group into compliance with the provisions of article R.225-85 of the French Commercial Code amended by implementation law no. 2014-1466 of December 8, 2014.

The stockholders' general meeting, acting with the requisite quorum and majority for shareholders' extraordinary meetings, and having taken note of the board of directors' report, decides to amend article 18 of the bylaws by replacing the word "third" by the word "second" in the second paragraph and the word "three" by the word "two" in the third and fifth paragraphs.

Fifteenth resolution

Delegation of powers to the board of directors for the purpose of increasing capital by issuing ordinary shares or any securities that confer equity rights, retaining stockholders' preemptive subscription rights

Voting in accordance with the quorum and majority requirements for stockholders' extraordinary general meetings, after having reviewed the board of directors' report and the statutory auditors' special report, and in accordance with the provisions of Articles L.225-129, L.225-129-1, L.225-129-2 et seq., and L.228-92 et seq. of the French Commercial Code, the stockholders' general meeting:

1° Delegates its powers to the board of directors for the purpose of deciding to carry out one or more capital increases, in the amounts, pursuant to the terms and conditions and at the times in its discretion, within the framework established by this resolution, by issuing, in France or abroad, ordinary shares in the company or any securities of any type, including equity warrants issued independently for consideration or free of charge, that immediately or in the future confer the right, by any means, to ordinary shares in the company. Such securities may be denominated in euros, foreign currencies or any monetary unit established with reference to several currencies.

Subscriptions for securities may be made for cash or by setoff against receivables.

The issue price of each share shall not be less than its par value.

The powers thus delegated to the board of directors shall be valid for a period of twenty-six months from the date of this meeting.

2° Resolves that the total amount of increases in the corporate capital that may be thus carried out, immediately or in the future, shall not exceed the nominal amount of one hundred fifty million euros (€150,000,000), or the equivalent thereof in any other currency, to which amount shall be added, if applicable, the additional amount of shares to be issued to maintain, in accordance with the law, the rights of holders of securities that confer the right to shares. Any capital increases that may be carried out pursuant to the powers delegated to the board of directors by resolutions 15 to 20 adopted by this stockholders' general meeting shall be included in this limit. In addition, the nominal amount of debt securities that confer equity rights, immediately or in the future, that may be issued pursuant to this delegation of powers shall not exceed one billion six hundred million euros (€1,600,000,000), or the equivalent thereof in any other currency.

3° Resolves that the shareholders shall have, in proportion to the number of shares they hold, a preemptive right to subscribe for the securities issued pursuant to this resolution.

Furthermore, the board of directors shall be entitled to grant shareholders the right to subscribe for a reducible number of securities that exceeds the number to which they are entitled to subscribe on a non-reducible basis, in proportion to the subscription rights they hold and, in any event, up to the limit of their requests.

4° Resolves that if the issue is undersubscribed after the exercise of non-reducible subscription rights and, if applicable, of reducible subscription rights, the board of directors may exercise, in the order that it chooses, any of the powers below:

- limit the issue to the number of subscriptions received, provided such number is at least three-quarters of the issue;
- freely distribute all or some of the securities that were not subscribed;
- offer to the public all or some of the securities that were not subscribed.

5° Acknowledges that, to the extent necessary, this delegation of powers automatically entails, in favor of the holders of securities issued pursuant to this resolution that confer future rights to shares in the company that may be issued, a waiver by the shareholders of their preemptive rights to subscribe for the shares to which such securities entitle their holders.

6° Resolves that this delegation of powers also authorizes the board of directors to amend the bylaws accordingly.

Sixteenth resolution

Delegation of powers to the board of directors for the purpose of increasing capital by capitalizing premiums, reserves, profits or other funds

Applying Article L.225-130 of the French Commercial Code, voting in accordance with the quorum and majority requirements for stockholders' ordinary general meetings, and after having reviewed the board of directors' report, the stockholders' general meeting:

1° Delegates its powers to the board of directors, for a period of 26 months from the date of this stockholders' general meeting, for the purpose of deciding to carry out one or more capital increases by capitalizing premiums, reserves, profits or other funds that may be capitalized in accordance with the law and the bylaws, by granting free shares, increasing the nominal value of existing shares or a combination of these two procedures. However, the total amount of the increases of the corporate capital that may be carried out, increased by the amount necessary to maintain, in accordance with the law, the rights of holders of securities that confer the right to shares, shall not exceed the amount of the reserves, premiums or profits in existence at the time of the capital increase, or exceed a maximum amount of one hundred fifty million euros (€150,000,000). This limit shall be reduced by the amounts of any capital increases carried out pursuant to resolutions 15 to 20.

2° Resolves that, in the event the board of directors uses this delegation of powers, rights entitling their holders to fractional shares may not be traded or transferred, and the corresponding shares will be sold. Sums generated by such sale will be allocated to the holders of the rights within the time period prescribed by the laws in force.

3° Resolves that this delegation of powers also authorizes the board of directors to amend the bylaws accordingly.

Seventeenth resolution

Delegation of authority granted to the board of directors to increase the share capital by issuing ordinary shares or any marketable securities giving access to the share capital with the waiver of preferential subscription rights through a public offering or private placement subject to article L.411-2, II of the French Monetary and Financial Code

Voting in accordance with the quorum and majority requirements for stockholders' extraordinary general meetings, after having reviewed the board of directors' report and the statutory auditors' special report, and in accordance with the provisions of Articles L.225-129, L.225-129-1, L.225-129-2 et seq., L.225-135, L.225-136 and L.228-92 et seq. of the French Commercial Code, the stockholders' general meeting:

1° Delegates its powers to the board of directors for the purpose of deciding to carry out one or more capital increases, in the amounts, pursuant to the terms and conditions and at the times in its discretion, within the framework established by this resolution, by issuing, in France or abroad, ordinary shares in the company or any securities of any type, including equity warrants issued independently for consideration or free of charge, that immediately or in the future confer the right, by any means, to ordinary shares in the company. Such securities may be denominated in euros, foreign currencies or any monetary unit established with reference to several currencies.

Subscriptions for securities may be made for cash, by setoff against receivables or in consideration for securities tendered pursuant to a public exchange offering made by the company in accordance with Article L.225-148 of the French Commercial Code.

The powers thus delegated to the board of directors shall be valid for a period of twenty-six months from the date of this meeting.

2° Resolves that the total amount of increases in capital stock that may be carried out, immediately or in the future, shall not exceed the nominal amount of one hundred fifty million euros (€150,000,000), or the equivalent thereof in any other currency. Any capital increases that may be carried out pursuant to the powers delegated to the board of directors by resolutions 15 to 20 adopted by this stockholders' general meeting shall be included in this limit. In addition, the nominal amount of debt securities that confer equity rights, immediately or in the future, that may be issued pursuant to this delegation of powers shall not exceed one billion six hundred million euros (€1,600,000,000), or the equivalent thereof in any other currency.

In any event, equity security issues carried out under this delegation of authority may not exceed the limits set forth in applicable regulations on the issue date (currently 20% of share capital per year) for private placements subject to article L.411-2, II of the French Monetary and Financial Code.

3° Resolves to cancel shareholders' preemptive rights to subscribe for the securities to be issued pursuant to this delegation of powers, and to authorize the board of directors to grant shareholders a priority right to subscribe, on a non-reducible basis and, if applicable, on a reducible basis, for all or part of the issue, during the time and pursuant to the terms and conditions it decides, in compliance with the statutes and regulations in force on the date it decides to use this delegation of powers. This subscription priority shall not create negotiable rights.

4° Resolves that in accordance with Article L.225-136, paragraph 1, of the French Commercial Code:

- the issue price of shares issued directly shall not be less than the weighted average share price during the three stock market trading days prior to the decision, less 5%;
- the issue price of securities that confer equity rights and the number of shares for which each security that confers equity rights may be converted shall be such that, for each share issued in consequence of the issue of such securities, the sum received by the company shall be at least equal to the minimum amount defined in the preceding paragraph. In the event equity warrants that immediately or in the future confer equity rights are issued independently, such minimum amount shall apply to the sum of the prices for the warrant and the share.

5° Acknowledges that, to the extent necessary, this delegation of powers automatically entails, in favor of the holders of securities issued pursuant to this resolution that confer future rights to shares in the company that may be issued, a waiver by the shareholders of their preemptive rights to subscribe for the shares to which such securities entitle their holders.

6° Resolves that this delegation of powers also authorizes the board of directors to amend the bylaws accordingly.

Eighteenth resolution

Right to increase the amount of issues in the event of excess demand

Voting in accordance with the quorum and majority requirements for stockholders' extraordinary general meetings, and after having reviewed the board of directors' report, the stockholders' general meeting resolves that for each issue decided pursuant to the 15th and 17th resolutions above, the number of securities to be issued may be increased by the board of directors in accordance with the requirements prescribed by Article L.225-135-1 of the French Commercial Code if it observes that there exists excess demand, within thirty days of the end of the original issue and up to 15% of the amount thereof. The subscription price shall be the same as that for the original issue. However, such increase shall not exceed the overall maximum amount of one hundred fifty million euros (€150,000,000) authorized for all capital increases carried out by the board of directors pursuant to resolutions 15 to 20 adopted by this stockholders' general meeting.

Nineteenth resolution

Share issue without preemptive subscription rights in consideration for equity securities or securities that confer equity rights contributed in-kind to CIC

Within the overall maximum amount of one hundred fifty million euros (€150,000,000) applicable to the capital increases authorized by resolutions 15 to 20 adopted by this stockholders' general meeting, and in accordance with the requirements prescribed by Article L.225-147 of the French Commercial Code, the stockholders' general meeting, voting in accordance with the quorum and majority requirements for stockholders' extraordinary general meetings, after having reviewed the board of directors' report, delegates to the board of directors, for a period of 26 months from the date of this stockholders' general meeting, its powers to issue ordinary shares, pursuant to the report of the contributions auditor(s), up to a maximum of 10% of the capital stock, in consideration for in-kind contributions to the company in the form of equity securities or securities that confer equity rights. This delegation of powers also authorizes the board of directors to amend the bylaws accordingly.

Twentieth resolution

Authorization granted to the board of directors to carry out a capital increase reserved for employees, canceling preemptive subscription rights

Voting in accordance with the quorum and majority requirements for stockholders' extraordinary general meetings, after having reviewed the board of directors' report and the statutory auditors' special report, and in application of the provisions of Articles L.225-129-6 and L.225-138 of the French Commercial Code, the stockholders' extraordinary general meeting, considering the foregoing resolutions that authorize the board of directors to carry out possible capital increases, delegates its powers to the board of directors to carry out, on one or more occasions, a capital stock increase, in consideration for cash, reserved for employees and, if applicable, to former employees, retired employees and employees on early retirement of the company and all or some of the companies and groups affiliated with it within the meaning of Article L.225-180 of the French Commercial Code, who are members of a company or group employee savings plan, which shall be carried out in accordance with the provisions of Article L.443-5 of the French Labor Code. This authorization automatically entails a waiver by the shareholders of their preemptive rights to subscribe for any capital increase that may be carried out.

The stockholders' general meeting grants all powers to the board of directors, with the right to sub-delegate its powers within legal limits, for the purpose of inter alia:

1° determining the amount of the issue;

2° setting the subscription price of the new shares in accordance with the requirements prescribed by Article L.443-5 of the French Labor Code;

3° deciding all terms and conditions and procedures of the capital increase(s) to be carried out and, in particular, to:

- determine the company or companies whose employees and former employees may subscribe for shares;
- set the length of service conditions to be met by the subscribers and the time within which the shares to be issued must be paid;
- deciding whether subscriptions may be made via a company mutual fund or directly for the benefit of the beneficiaries;
- determining the duration of the subscription period, the date on which the new shares acquire dividend rights and, in general, any other condition or procedure it may deem necessary;
- setting off the costs of the capital increase against the issue premium and deducting from such premium the sums necessary to fund the legal reserve by an amount equal to one-tenth of the new capital;
- lastly, carrying out all acts and formalities required in connection with the capital increase, certifying completion of the capital increase, requesting that the shares issued be admitted to trading on a regulated market, amending the bylaws accordingly, and taking all necessary actions.

This capital increase shall be included within the overall limit of one hundred and fifty million euros (€150,000,000) applicable to capital increases carried out by the board of directors pursuant to resolutions 15 to 20 adopted by this stockholders' general meeting.

This delegation of powers is granted for a period of 26 months from the date of this stockholders' general meeting.

Resolution common to the stockholders' ordinary and extraordinary general meetings

Twenty-first resolution

Powers

The stockholders' general meeting gives full powers to the bearer of a copy or excerpt of the minutes of this meeting to carry out all legal and administrative formalities and make all filings and publications prescribed by the laws in force.

STATUTORY AUDITORS' REPORT

on the issuance of shares and other marketable securities with the maintenance and/or waiver of preferential subscription rights (15th, 17th and 18th resolutions)

To the shareholders,

In our capacity as statutory auditors of your company and pursuant to the assignment subject to articles L.228-92 and L.225-135 et seq. of the French Commercial Code, we hereby present our report on the proposed delegations of authority to the board of directors with respect to various issuances of shares and/or marketable securities, your approval being required on these transactions.

Based on its report, your board of directors requests that you:

- authorize it, for a period of 26 months, to decide on the following transactions and set the definitive terms of these issuances and, where applicable, recommends that you waive your preferential subscription right:
  - issuance with maintenance of preferential subscription right of shareholders (fifteenth resolution) of ordinary shares or all other marketable securities giving access to the share capital;
  - issuance with waiver of preferential subscription rights through a public offering (seventeenth resolution) of ordinary shares or all other marketable securities giving access to ordinary shares of the company, it being noted that these securities may be issued as consideration for securities contributed to the company as part of a public exchange offer of securities satisfying the terms set by article L.225-148 of the French Commercial Code;
  - issuance with waiver of preferential subscription rights through offerings subject to section II of article L.411-2 of the French Monetary and Financial Code and up to 20% of the share capital per year (seventeenth resolution) of ordinary shares or all other marketable securities giving access to ordinary shares.

The overall nominal amount of capital increases that may be carried out immediately or in the future may not exceed €150 million under the fifteenth to twentieth resolutions.

The overall nominal amount of debt securities that may be issued may not exceed €1,600 million for the fifteenth and seventeenth resolutions.

These ceilings take into account the additional number of marketable securities to be created as part of the implementation of delegations of authority covered by the fifteenth and seventeenth resolutions, under the conditions laid down in article L.225-135-1 of the French Commercial Code, if you adopt the eighteenth resolution.

The board of directors is required to prepare a report in accordance with Articles R.225-113 et seq. of the French Commercial Code. We are required to give our opinion on the accuracy of the figures taken from the financial statements, on the proposal to cancel preemptive subscription rights and on certain other information about these transactions included in such report.

We have performed the work that we deemed necessary in accordance with the professional guidance of the French Statutory Auditors' Association *(Compagnie nationale des commissaires aux comptes)* regarding this type of assignment. This work consisted of verifying the content of the board of directors' report on these transactions and the methods for determining the issue price of the securities to be issued.

Subject to a subsequent review of the terms and conditions of the issues that may be decided, we have no observations to make on the methods for determining the issue price of equity securities to be issued pursuant to the seventeenth resolution, as described in the board of directors' report.

However, that report does not describe the methods for determining the issue price of equity securities to be issued pursuant to the fifteenth resolution and, therefore, we are unable to give our opinion on the choice of criteria used to calculate the issue price.

In light of the fact that the definitive terms under which the issues will be carried out have not yet been set, we do not express an opinion on them or, as a result, on the proposed waiver of preferential subscription rights made to you in the seventeenth resolution.

In accordance with article R.225-116 of the French Commercial Code, we will prepare a supplementary report, where necessary, if these authorizations are used by your board of directors in the event of issuances of marketable securities that are equity securities giving access to other equity securities or giving rights to the grant of debt securities, in the event of issuances of marketable securities giving access to equity securities to be issued and in the event of issuances of shares with the waiver of preferential subscription rights.

Neuilly-sur-Seine and Paris-La Défense,
April 21, 2015

The statutory auditors

PricewaterhouseCoopers Audit	Ernst & Young et Autres
Agnès Hussherr Jacques Lévi	Olivier Durand

STATUTORY AUDITORS' REPORT

on the capital increase reserved for members of a company savings plan (20th resolution)

To the shareholders,

In our capacity as statutory auditors of your company and pursuant to the assignment subject to articles L.225-135 et seq. of the French Commercial Code, we hereby present our report on the proposed capital increase through the issuance of ordinary shares, with the waiver of preferential subscription rights, reserved for employees and, where applicable, former employees of the company who are either retired or in early retirement and of part or all related companies or groups as defined by article L.225-180 of the French Commercial Code, who are members of company or group savings plan, your approval being required on this transaction.

This capital increase is subject to your approval, as required by the provisions of Article L.225-129-6 of the French Commercial Code and Articles L.3332-18 et seq. of the French Labor Code.

Based on its report, your board of directors recommends that you authorize it, for a period of 26 months, to set the terms of this transaction and to waive your preferential subscription rights to shares to be issued.

The board of directors is required to prepare a report in accordance with Articles R.225-113 and R.225-114 of the French Commercial Code. We are required to give our opinion on the accuracy of the figures taken from the financial statements, on the proposal to cancel preemptive subscription rights and on certain other information about the issue included in such report.

We have performed the work that we deemed necessary in accordance with the professional guidance of the French Statutory Auditors' Association *(Compagnie nationale des commissaires aux comptes)* regarding this type of assignment. This work consisted of verifying the content of the board of directors' report on this transaction and the methods for determining the issue price of the shares.

Subject to a subsequent review of the terms and conditions of the proposed capital increase, we have no observations to make on the methods for determining the issue price of the ordinary shares to be issued, as described in the board of directors' report.

Because the final terms and conditions of the capital increase have not been determined, we do not express an opinion thereon and, consequently, on the proposal made to you to cancel preemptive subscription rights.

In accordance with article R.225-116 of the French Commercial Code, we will prepare a supplementary report, where applicable, if this authorization is used by your board of directors.

Neuilly-sur-Seine and Paris-La Défense,
April 21, 2015

The statutory auditors

PricewaterhouseCoopers Audit	Ernst & Young et Autres
Agnès Hussherr Jacques Lévi	Olivier Durand

GENERAL INFORMATION

Legal information about CIC

(See also the "Presentation of CIC" and "Corporate governance" sections)

Name and registered office

The company's name is:
Crédit Industriel et Commercial
Abbreviated to: **CIC**
This abbreviation can be used on its own.
Its registered office is located at:
6 avenue de Provence, 75009 Paris
Telephone: +33 (0)1 45 96 96 96.

Applicable legislation and legal form

Bank organized as a French société anonyme (corporation) governed by the statutes and regulations in force and, in particular, by the provisions of the French Commercial Code regulating sociétés anonymes and the provisions of the French Monetary and Financial Code.

Company governed by French law

Incorporation date and expiration date

The company was incorporated on May 7, 1859. Its term will expire on December 31, 2067, unless it is dissolved or its term is extended before that date.

Company purpose

(summary of Article 5 of the bylaws)

The purpose of the company in France or abroad is in particular:

- to carry out all banking operations and related operations;
- to provide all investment services and related services;
- insurance broking in all businesses;
- realtor activity;
- all professional training activities relating to the above matters;
- to acquire, hold and manage interests in all banking, financial, real estate, industrial and commercial companies in France or abroad.

Registration number and APE business identifier code

Paris Trade and Companies Registry no. 542 016 381
Business identifier code: 6419Z (other financial brokerage activities).

Legal documents relating to the company

The bylaws, minutes of the stockholders' general meetings and reports are available at the registered office:
6 avenue de Provence, 75009 Paris (Corporate Secretary's office).

Fiscal year

January 1 to December 31.

Dependency

CIC is not dependent on any patents, licenses or industrial, commercial or financial supply agreements for the conduct of its business.

Material contracts

As of the date hereof, CIC has not entered into any material contracts, other than those entered into during the normal course of its business, that create an obligation or a commitment that would have negative consequences for the group as a whole.

Legal and arbitration proceedings

The French antitrust authorities *(Autorité de la concurrence)* have started an investigation into the main banks in the French banking sector, aimed at ensuring that all inter-banking fees and commissions, in particular those applicable to direct debits, payments using interbank remittance slips (the "TIP" system) and online banking transactions, comply with antitrust laws.
In order to avoid any legal action, the banks have proposed a procedure of undertakings that would abolish all the inter-banking fees and commissions involved in the medium term. The French antitrust authorities have approved these undertakings, subject to the sole condition that an expert economic assessment be conducted of certain ancillary fees and commissions, whose economic impact can be considered to be low. We can therefore consider that the risk of litigation involving significant amounts is not likely at the present time. This procedure of undertakings is under way and should be completed by the end of the first half of 2015.
Furthermore, it should be noted that multilateral interchange fees and commissions may be replaced by bilateral or unilateral fees and commissions. It is therefore too early to say what the final outcome of this investigation will be.
As for the case involving check image transfer fees, the French antitrust authorities appealed the decision of the Paris Court of Appeal canceling the fines levied against the banks. The ruling by the Cour de Cassation (highest court of appeal) was handed down on April 14, 2015. Without reviewing the legal arguments of the banks, the Cour de Cassation reversed the Court of Appeal's decision on procedural grounds, namely that after having rejected the arguments of the antitrust authorities, the Court of Appeal concluded that there were no grounds to examine the arguments put forth by two consumer associations in support of the position of the competition authorities. Following this reversal, the case was remanded to the Paris Court of Appeal.
There are no other pending or threatened government, judicial or arbitration proceedings, including any proceeding of which the company is aware, that may have or has had, during the past 12 months, material impacts on the financial position or profitability of the company and/or group.

Additional information

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DOCUMENTS ON DISPLAY

(see also "Legal information about CIC")

This registration document is available on CIC's website (www.cic.fr) and on the website of the AMF *(Autorité des marchés financiers,* the French securities regulator). This is also the case for all reports and background financial information (see below, "Financial communication").

Anyone who wishes to obtain further information about CIC may, without making any commitment, request documents:
- by mail: CIC – External relations - 90 rue Cardinet, 75017 Paris
- by email: frederic.monot@cic.fr

The documents of incorporation, the bylaws, minutes of general meetings and reports may be consulted at CIC's registered office: 6 avenue de Provence, 75009 Paris (Corporate Secretary's office).

FINANCIAL COMMUNICATION

The board of directors of CIC plans to approve the financial statements for the first half of 2015 on July 30. A press release will be published at this time in the financial press. Approval of the financial statements for 2015 is expected to take place in February 2016.
The board of directors organizes annual meetings with the press and specialist banking sector financial analysts in order to present the group's results and to respond to their questions. These results are then reported and commented on in the specialist press and the national daily newspapers.
Every six months, CIC publishes a newsletter for its individual stockholders, which has a print run of 20,000 copies and is also available online. Persons wishing to receive this newsletter can request it by calling +33 1 44 01 11 98.
Stockholders are thus regularly informed of the company's results and significant events affecting or involving it.

CIC's website (www.cic.fr) carries all these publications under the headings "institutional" and "stockholders and investors". The latter section contains all the financial information: publications such as the "Letter to stockholders", financial calendar, regulatory information required by the Transparency Directive, issuance programs required by the Prospectus Directive, exposure to sovereign debt, stock prices and volumes, and the group's ratings by rating agencies.
The regulatory information and the issuance programs are also available online, from the AMF's website (www.amf-france.org) under the heading "Decisions and disclosures", subheading "Search", then "Prospectuses and disclosures."

PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Person with overall responsibility for the registration document

Mr. Alain Fradin, Chief Executive Officer.

Declaration by the person responsible for the registration document

I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in the registration document is, to the best of my knowledge, in accordance with the facts and no omission likely to affect its import has been made.

I further declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the company and of the entities in the consolidation scope taken as a whole, and that the board of directors' report provided in the "Financial information" section (pages 72-117 for the consolidated financial statements and page 175 for the company financial statements) provides a true and fair view of the development and performance of the business, the results and financial position of the company and the entities in the consolidation scope taken as a whole as well as a description of the main risks and uncertainties that they face.

I obtained a statement from the statutory auditors at the end of their assignment, in which they state they had verified the information relating to the financial position and the financial statements set out in this document, and had read the entire document.

The statutory auditors have prepared a report on the annual financial statements for the fiscal year ended December 31, 2013 presented in the registration document filed with the AMF under no. D.14-0397, which appears on page 200 of said document, and which contains an observation.

The statutory auditors have prepared a report on the consolidated financial statements for the fiscal year ended December 31, 2012 presented in the registration document filed with the AMF under no. D.13-0391, which appears on page 154 of said document, and which contains an observation.

Paris, April 21, 2015
Alain Fradin,
Chief Executive Officer

STATUTORY AUDITORS

The statutory auditors, PricewaterhouseCoopers Audit and Ernst & Young et Autres, are members of the French Regional Institute of Accountants of Versailles.

Principal statutory auditors

Name: PricewaterhouseCoopers Audit
Address: 63 rue de Villiers, 92208 Neuilly-sur-Seine Cedex
Represented by Agnès Hussherr and Jacques Lévi
First term of office began on: May 25, 1988
Length of current term of office: six years from May 24, 2012
This term of office expires at the close of the stockholders' general meeting called to approve the financial statements for the year ending December 31, 2017.

Name: Ernst & Young et Autres
Address: Tour First, 1 place des Saisons, 92400 Courbevoie
Represented by Olivier Durand
First term of office began on: May 26, 1999
Length of current term of office: six years from May 19, 2011
This term of office expires at the close of the stockholders' general meeting called to approve the financial statements for the year ending December 31, 2016.

Alternate statutory auditors

Étienne Boris, Picarle & Associés.

CROSS-REFERENCE TABLE

Cross-reference table containing the information required in the annual financial report referred to in Section I of Article L.451-1-2d of the French Monetary and Financial Code and in Article 222-3 of the of the AMF General Regulations

In accordance with Article 28 of European Regulation no. 809-2004 on prospectuses and Article 212-11 of the AMF's General Regulations, the following are incorporated by reference:

- the annual and consolidated financial statements, as well as the group management report for the fiscal year ended December 31, 2013 and the statutory auditors' reports on the annual and consolidated financial statements as of December 31, 2013, which are presented, respectively, on pages 161 to 199 and 72 to 159 and on pages 200 and 160 of registration document D.14-0397 filed with the AMF on April 23, 2014;
- the annual and consolidated financial statements, as well as the group management report for the fiscal year ended December 31, 2012 and the statutory auditors' reports on the annual and consolidated financial statements as of December 31, 2012, which are presented, respectively, on pages 155 to 193 and 67 to 153 and on pages 194 and 154 of registration document D.13-0391 filed with the AMF on April 19, 2013.

The chapters of registration documents D.14-0397 and D.13-0391 not referred to above are either not relevant for the investor, or are covered elsewhere in this registration document.

Website: **www.cic.fr**

Persons responsible for information
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Swift CMCIFRPP – Tel.: +33 (0)1 45 96 96 96 – www.cic.fr – Paris Trade and Companies Register no. 542 016 381 – Register of insurance intermediaries no. 07 025 723 (www.orias.fr)
Bank governed by Article L.511-1 et seq. of the French Monetary and Financial Code
for transactions carried out in its capacity as insurance intermediary